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CRISIS AVERTED—FOR NOW

The stock market hit record highs after the U.S. and Iran seemed to step back from the brink of war. But experts warn it's too soon to dismiss the possible economic fallout from tension in the Middle East.

COVER CREDIT

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BY SAM HILL

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BY SAM HILL



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Bangalore Video News Editor _ **Nandini Krishnamoorthy**

Video Producer _ **Zoe Jones**

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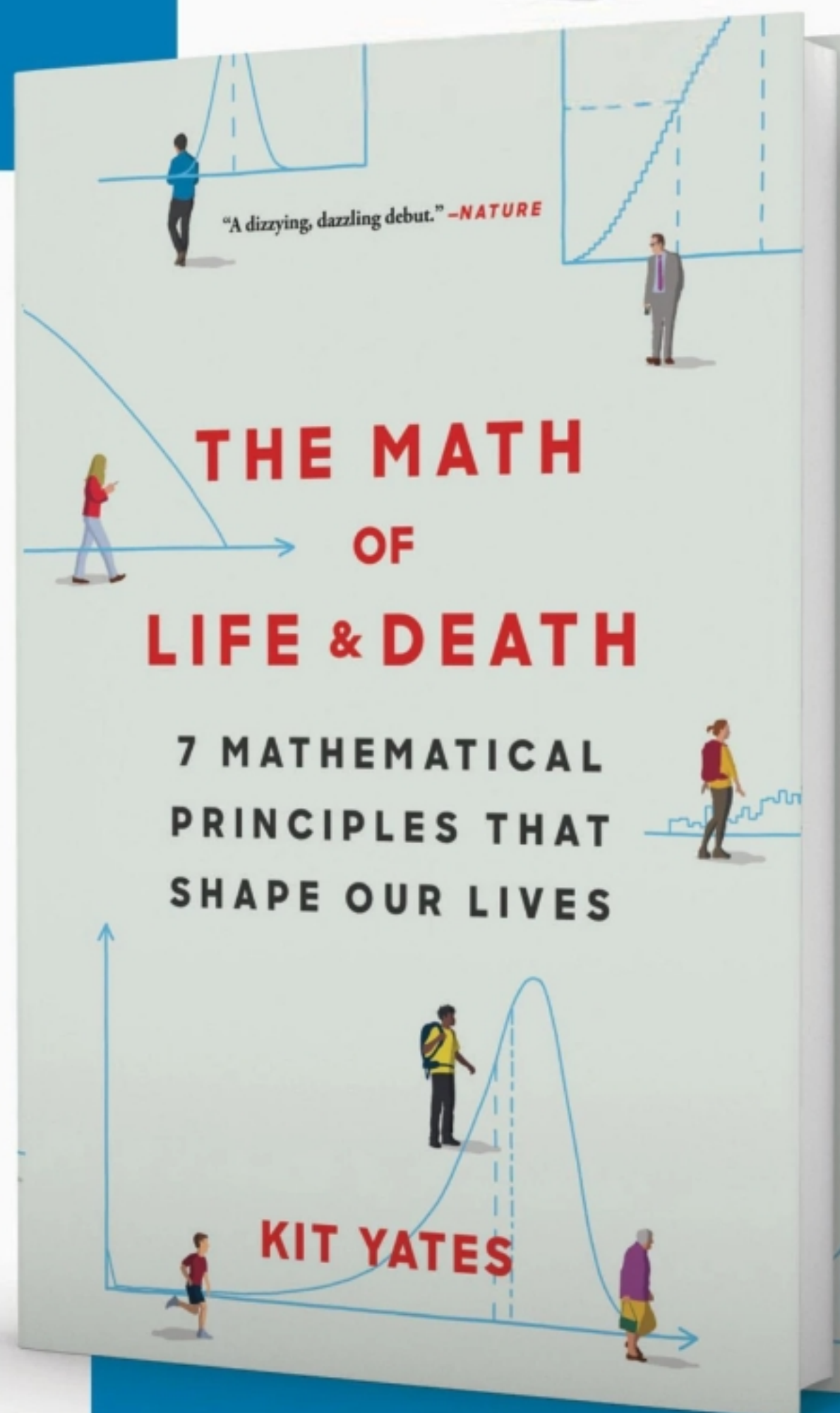
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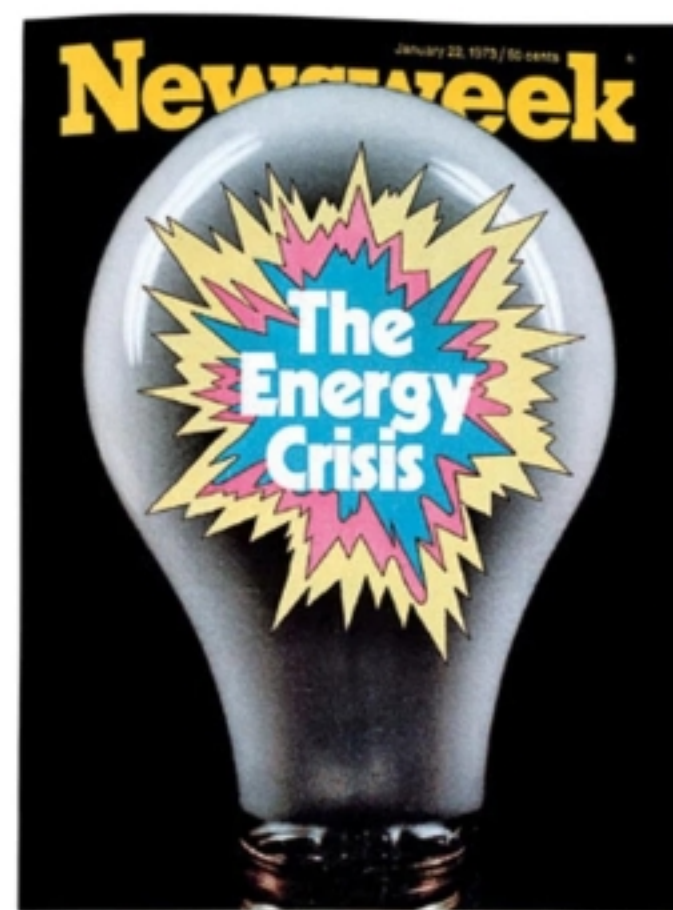


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tour of the mathematical concepts our
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a deadly disease.

The Archives

1995

"Blood, race, celebrity, lust, love, sex, brutality: this case has had it all," *Newsweek* reported on *The People v. O.J. Simpson*. In the trial of the former football star, the "prosecution and defense battled over evidence that portrayed Simpson as a brutal wife batterer and a key police witness as a racist." A *Newsweek* poll revealed "82 percent of Americans" expected to follow the case, generating "the most publicized murder trial in history." With the public divided largely along racial lines, Simpson was finally acquitted, and the murders of Nicole Brown and Ronald Goldman remain unsolved.



1973

"Harsh winter weather was biting more deeply all across America" and "fuel shortages began to plague the nation," *Newsweek* wrote. The country faced "long-range prospects of brownouts" and "diplomatic repercussions in the oil-rich Middle East." The consequences of America's energy hunger had become inescapable.



2004

"Technology is changing baby-making" *Newsweek* wrote. Preimplantation genetic diagnosis (PGD) allowed parents to "choose the sex of their child" for \$18,480. Sex selection was only the beginning of "the slippery slope of modern reproductive medicine." The moral quandries remain. **N**



Ukraine

Bursting with Optimism

President Volodymyr Zelensky's government has been given the largest mandate in modern Ukrainian history

He has been called the “comedian president.” But there is an air of historical gravitas that President Volodymyr Zelensky's administration has brought to Ukraine. No government in the country's modern history has had such a large mandate to enable change. With a supportive government now in office, Zelensky, 41, will have a better opportunity than any Ukrainian leader before him to push through reforms and tackle corruption without obstruction.

“In the first 2.5 months, parliament adopted over 80 laws, mostly aimed at improving the investment climate”

VOLODYMYR ZELENSKY
PRESIDENT OF UKRAINE

On TV, Zelensky played an utterly unprepared fictional president. In reality, he has moved quickly to pass reforms that investors have long hoped for. “In the first 2.5 months, parliament adopted over 80 laws, mostly aimed at improving the investment climate and including some very difficult areas such as land reform, taxation and a huge privatization plan,” said President Zelensky.

Ukraine has long been defined by endemic corruption and entrenched oligarchies. Along with conflict, the fear of having to grease palms is cited as the top reason why foreign investors stay away. In a dramatic shake up, the new government has decided to not mince words with how it views the old order. “We are out to destroy monopolies, such as those that exist in the

gas sector and spirit production,” said President Zelensky. “For many years, people have heard about corruption in Ukraine. So we are making changes – first of all, with the judiciary.”

These bold reforms have been well received. Ukraine's GDP growth is predicted to accelerate slightly to 3.5% in 2020, according to the European Bank for Reconstruction and Development. This year at Davos, Ukrainian Minister of Finance Oksana Markarova will be able to boast that her country is on track to stop borrowing from the IMF within three years. Having experienced near economic collapse in 2015, Ukraine is now well on its way to recovery.

That one of Ukraine's most historically pivotal political moments has coincided with the impeachment of President Donald Trump over a call he held with President Zelensky should not detract investors. Now more than ever, Ukraine promises to become a stronger ally for US and international businesses. ■



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Above: St Volodymyr's Cathedral in Kiev. Photo: [shutterstock.com](https://www.shutterstock.com)

INTERVIEW

VOLODYMYR ZELENSKY
PRESIDENT OF UKRAINE

Following a historic election win, President Volodymyr Zelensky now has the parliamentary majority needed to enact transformative judicial and land market reforms. Here, President Zelensky, a political outsider, explains his new vision for Ukraine.

What achievement does your election win represent for Ukraine?

The main achievement is that the people of Ukraine have chosen a new order, with a young and energetic team who don't only want to change Ukraine, but to make it a country that no one wants to leave.

How do you plan to tackle corruption?

We are making changes with the judiciary so that investors can see that their investments will be defended. I can promise that we will never again have such levels of corruption, and we will make great strides toward transparency.

What defines the US-Ukraine relationship?

The US is our strategic partner, and we are very grateful for the support we get. We know that to win the battle against corruption we have to embrace digitalization. In this, we have a connection because Ukraine has many brilliant IT people, and the US is the world's IT hub.

What is the goal of the land reform?

Nowhere is there as much fertile land as in Ukraine. Opening the land market will help our Ukrainian farmers. Right now, the land they farm doesn't belong to them, in a similar way that apartments in the Soviet era didn't belong to the people. We want Ukrainians to have the possibility of buying land so they can launch enterprises.

READ THE FULL INTERVIEW AT ukrainedavos.the-report.com

INTERVIEW



OLEKSIY HONCHARUK
PRIME MINISTER OF UKRAINE

Ukraine's youngest prime minister ever, Oleksiy Honcharuk, 35, is leading a new generation of officials that is working hard to restore their country's reputation and put people, not the state, at the center of their efforts.

How does this government mark a new era for Ukraine?

We are seeing a complete generational change in government, and this is why we think that change is going to be sustainable. The message from the new generation to the old one is that previous practices are not going to remain; they will be replaced.

"Judicial reform is a chief task that we are prepared to accomplish"

What have been your government's main accomplishments so far?

Since taking office, 415 state enterprises have been transferred to the State Property Fund to start privatization. In the first two months of government, we put forward laws for private-public partnerships that have now been adopted. Tenders to transfer two seaports – Olvia and Kherson – to concession have also been announced. These projects will serve as a testing ground for future change.

What major hurdles must Ukraine overcome?

One of our goals is to restore trust. This is why judicial reform is a chief task that we are prepared to accomplish. We also need to conclude the decentralization reform, and by next year we plan to have capable municipalities and local communities able to attract investors with favorable conditions.

READ THE FULL INTERVIEW AT
ukrainedavos.the-report.com



A harvester gathering wheat in Ukraine. Photo: Corteva Agriscience

Sweeping Reforms Redefine Ukraine

Land market and judicial reforms enacted alongside a privatization campaign are policies investors have long waited for

Ukraine's new government is out to reset relations with investors. For too long, the Eastern European nation has been defined by a biased judiciary that has defended entrenched interests. But now a sweeping set of reforms led by President Zelensky will work to allay investors' largest fears, forging a new business order in Ukraine.

The litmus test for the success of these reforms is the long-awaited opening of the land market. For 25 years, the development of a privatized land market has been put off, relegating Ukraine's agricultural land to an atavistic Soviet system that still bars private ownership. Finally allowing land to move into

private hands would simultaneously lift a moratorium on foreign investment into one of the world's most fertile tracts of agricultural assets while setting a tempo for future reforms.

"Agricultural land is the country's most valuable asset," says Morgan Williams, President of the US-Ukraine Business Council, adding that "Ukraine is the only country with such strong land assets that still doesn't have a land market."

FAST FACTS

Agriculture represents...

40% of Ukraine's exports
17% of Ukraine's GDP

"Ukraine's number one challenge is rule of law"

ANDY HUNDER
PRESIDENT OF THE AMERICAN
CHAMBER OF COMMERCE
IN UKRAINE

Ukraine watchers should be interested. Opening up agricultural land to private and foreign investment will unlock serious growth, boosting a sector that is already a major part of Ukraine's economic backbone. "In Ukraine, agriculture is an important part of the economy, accounting for around 40% of our exports and posting double-digit growth year on year," says Timofiy Mylovanov, Minister →

Horizon Capital is a leading private equity firm in Ukraine that manages four funds with assets of over \$850 million. Founding Partner and CEO Lenna Koszarny describes the pivotal changes afoot in Ukraine.

What has the media overlooked that investors should notice?

Recent changes in Ukraine have been driven by a civic society that is holding its leadership accountable. Nowhere in the world have there been free and fair elections resulting in a president winning over 73% of the vote and receiving such a decisive mandate from its citizens.

What makes Ukraine's investment opportunity unique?

Ukraine offers a ground-floor opportunity that is truly unparalleled. In 2008, Ukraine had a nominal GDP of about \$180 billion, which shrunk to \$90 billion in

2015. The nominal GDP is about \$135 billion today, so the country isn't yet at its 2008 level. This is a large country in Europe and has lots of room to grow.

Which industries have the greatest potential for growth?

Of particular interest are opportunities in the exports sector. A case in point is the spectacular track record of IT outsourcing, light manufacturing, and food and agriculture. Among the domestic champions, we target industries undergoing fundamental transformation, such as e-commerce, which has grown six times over the past seven years. With Internet penetration and online-shopping incidence still much lower compared to regional peers, growth at 30% is expected to sustain.

How does Horizon Capital impact Ukrainian business?

During the last 26 years, the four funds that we manage have

INTERVIEW



LENNA KOSZARNY
CEO OF HORIZON CAPITAL

invested over \$700 million in 150 companies, employing 52,000 people. These are companies that move the economy forward in the sectors where they operate. We are very selective in choosing our business partners, ensuring we share high principles and standards.

READ THE FULL INTERVIEW AT
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EYE ON HORIZON CAPITAL

UKRAINE'S TIME IS NOW

"Ukraine offers one of the most attractive contrarian investment opportunities available today," says Lenna Koszarny, CEO of US-domiciled private equity firm Horizon Capital, which manages funds that have invested over \$700m in Ukraine to date

With 26 years living, working and investing in Ukraine, expatriate Lenna Koszarny firmly believes the country's sweeping political reset this past year has led to a historic opportunity to accelerate structural reforms, thus boosting long-term growth and prosperity for Ukraine and for investors willing to look past the headlines. Koszarny, founding partner and CEO of leading private equity firm Horizon Capital, which has over \$850 million in assets under management through four Ukraine-focused funds, has witnessed rapid transformation in the country's economy and business climate in recent years. Indeed, successful measures adopted to cut red tape, introduce business-friendly legislation, combat corruption and remove other obstacles have helped Ukraine jump 88 places on the World Bank's Doing Business Index since 2012.

"I moved here in 1993 and only since 2014 has Ukraine embarked on an ambitious reform agenda, today delivering macroeconomic stability, local currency appreciation, decreased inflation, a surge in growth and a positive future outlook," says Koszarny, who also serves as chair of the American Chamber of Commerce (AmCham) in Ukraine. The mood is "now or never" for Ukraine, she adds. With an absolute parliamentary majority, President Volodymyr Zelensky has both the mandate and tools to enact changes to dramatically increase growth and Ukraine's investment attractiveness. These include ensuring rule of law and investor protections, launching large-scale privatizations, unveiling concession projects, establishing a land market, improving the work of anti-corruption institutions, and more. What is most striking is the pace of change that has occurred in the four months since the new parliament and government took office at the end of August.

After Ukraine's new president appointed 35-year-old Oleksiy Honcharuk as prime minister, he formed a 17-member cabinet with an average age of less than 40 years old. Businesses have reacted positively. AmCham's recent October 2019 business climate survey found that 82% of respondents plan to expand their businesses next year, 88% expect higher revenues, and 84% percent believe the government plans to open Ukraine to international investors, with 85% of respondents also citing real and effective judicial reform, rule of law and fair justice as "must haves" to unlock investment. The same survey found that agriculture (85%), IT (73%) and energy (45%) were the hottest sectors for investment.



Photo: Shutterstock

"THE COUNTRY'S LEADERSHIP HAS THE BEST OPPORTUNITY TO GET IT RIGHT SINCE UKRAINE'S INDEPENDENCE IN 1991"

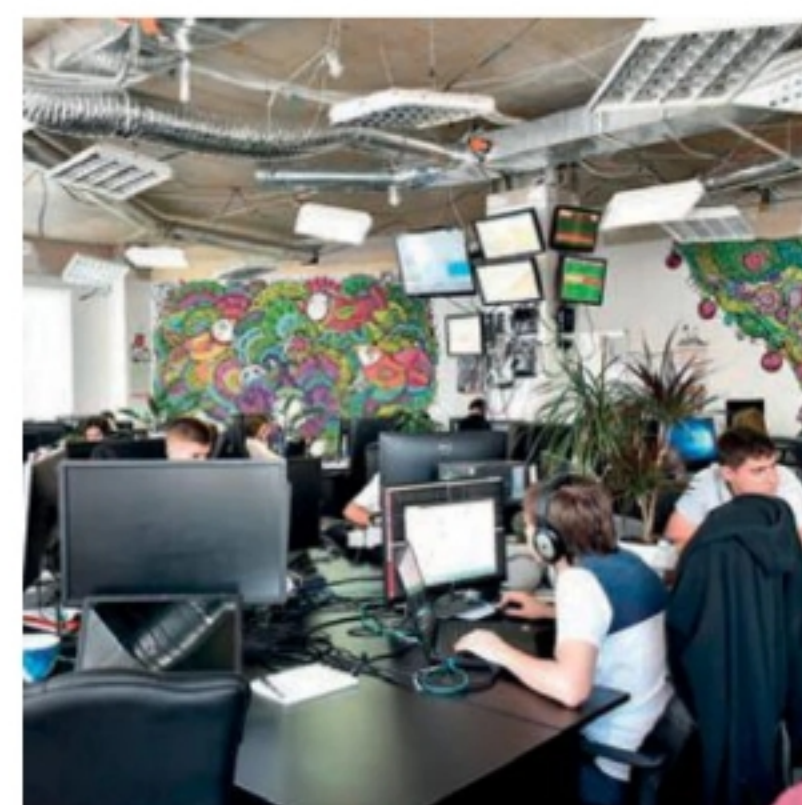
LENNA KOSZARNY
FOUNDING PARTNER AND CEO,
HORIZON CAPITAL

"Business is cautiously optimistic, despite having to deal with turbulence arising during this transformation process," continues Koszarny. "The country's leadership has the best opportunity to get it right since Ukraine's independence in 1991. Business is paying close attention to the government's vision and priorities shared, metrics used to measure progress and ensuring hard-won macroeconomic stability continues," she said.

With a focus on Ukrainian export-oriented companies in tech, manufacturing and agriculture, Horizon Capital is Ukraine's leading private equity firm backed by over 40 institutional investors, offering US investors a gateway to enter this rapidly transforming economy at the ground floor. At the current pace of fund raising, Horizon is set to manage well over a billion dollars in the near future.

"We have a clear value proposition: back visionary entrepreneurs accessing global markets from Ukraine-based, cost-competitive platforms, resulting in high growth, high margins and high returns," explains Koszarny. "Few countries that border four EU countries and serve as a trade hub to Europe, the Middle East and Asia can also offer a

ground-floor opportunity for investors. If Ukraine gets it right, the country may very well emulate the post-reform economic rebound story of Colombia, which grew 13% annually for 10 years from 2004; the Philippines, which grew 9% annually from 2001-2014; Slovakia, which surged 17% annually from 2000-2014; and other countries that have benefited from structural reforms, FDI and substantial exports growth," says Koszarny.



Working space at Genesis, a global IT product company in Kyiv, Ukraine. Photo: Horizon Capital

 **Horizon Capital**

www.horizoncapital.com.ua

LAND REFORM – A CORPORATE PERSPECTIVE



“The land reform will allow for long-term land leases based on market conditions”

OLENA VORONA
CFO AND COO OF AGROTRADE GROUP

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ukrainedavos.the-report.com

→ of Economic Development, Trade and Agriculture. The agricultural bounty is considerable. Ukraine is the number one producer of sunflower seeds that are used in sunflower oil, as well as a top European source of corn and wheat.

Opening the land market will not be enough to change perceptions of investors, who are keeping a watchful eye for other signals. In a country where corrupt politicians have traditionally been a large deterrent to investment, reforming the judicial system is of paramount importance. To truly exploit the potential of an open land market, Ukraine’s new government is working to prove “responsible behavior that was lacking in previous administrations,” says Mylovanov. “We need to demon-

strate that we are a reliable partner that protects property rights, conditions and rules,” he adds.

“Agricultural land is the country’s most valuable asset”

MORGAN WILLIAMS
PRESIDENT OF THE US-UKRAINE BUSINESS COUNCIL

Ukraine is correct in underscoring a makeover in its behavior. At the moment, American investors are most preoccupied by the lack of legal defense for their interests. “The number one challenge is rule of law,” says Andy Hunder, President of the American Chamber of Commerce in Ukraine, an organization that represents over 600 US and inter-

In the view of Olena Vorona, CFO and COO of Agrotrade Group, a vertically integrated producer of grain and oilseeds, the land market reform will finally enable “long-term land leases based on market conditions.” After an 18-year moratorium on the sale of agricultural land, Ukraine’s government now plans to abolish it once and for all to pave the way for private investment.

national investors. While full judicial reforms are not yet completed, Hunder has noticed that Ukraine is making a conscientious effort to “transition to a transparent, fair and just legal system, where businesses value justice over special privileges.”

Judicial reforms are considered a main ingredient to Ukraine’s proposed private-public partnership program. The country has an estimated 3,500 state-owned companies that President Zelensky is taking aim at. The transport and energy sectors look set to receive the most amount of privatization. Yet, Ukraine’s courts and agricultural land will have to become modernized before investors start rushing in to buy stakes in Ukraine’s hitherto state assets. ■

INVESTMENT VIEWPOINTS



“Watch the land market reform. If we get it through, then we mean business”

TYMOFIY MYLOVANOV
MINISTER OF ECONOMY



“Ukraine has to sprint to tackle a backlog of reforms”

SATU KAHKONEN
WORLD BANK COUNTRY DIRECTOR IN UKRAINE



“Ukraine’s biggest assets are grains and brains”

DANIEL BILAK
CHAIRMAN OF UKRAINEINVEST

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ukrainedavos.the-report.com

EYE ON METINVEST

A VERTICALLY INTEGRATED LEADER IN STEEL

As one of Ukraine’s leading steel producers, Metinvest is embarking on a vision to expand across Europe and beyond, taking full advantage of the bountiful amounts of natural resources domestically available

Metinvest is an international vertically integrated group of steel and mining companies. Headquartered in Kyiv, it has five mining and 11 metallurgical assets in Ukraine, Bulgaria, Italy, the UK and the US. The group manages every link of the value chain, from mining and processing iron ore and coal to making and selling semi-finished and finished steel products.

Metinvest has vast raw material reserves, enabling self-sufficiency for around 250% in iron ore, 40% in coal and 100% in coke. The company also manages a global sales network of 42 offices covering the key markets of Europe, MENA, the CIS, North America and Southeast Asia. With assets close to key railway lines and ports, Metinvest can efficiently supply raw materials and steel products worldwide.

“In the steel industry, there is only one competitive advantage that you cannot copy, and that is ge-

ography,” said Yuriy Ryzhenkov, Metinvest Group’s CEO. “Location is very important: you have to be very close to natural resources or the customer.”

Metinvest’s strategic vision is to become the leading vertically integrated steel producer in Europe, delivering sustainable growth and profitability resilient to business cycles, while providing investors with returns at above-industry benchmarks. As part of this strategy, the group is committed to the highest environmental standards of the EU. Metinvest believes that international corporations will only be able to build a better world if they consciously preserve the environment and protect the climate.



www.metinvestholding.com/



Yuriy Ryzhenkov, CEO of Metinvest Group

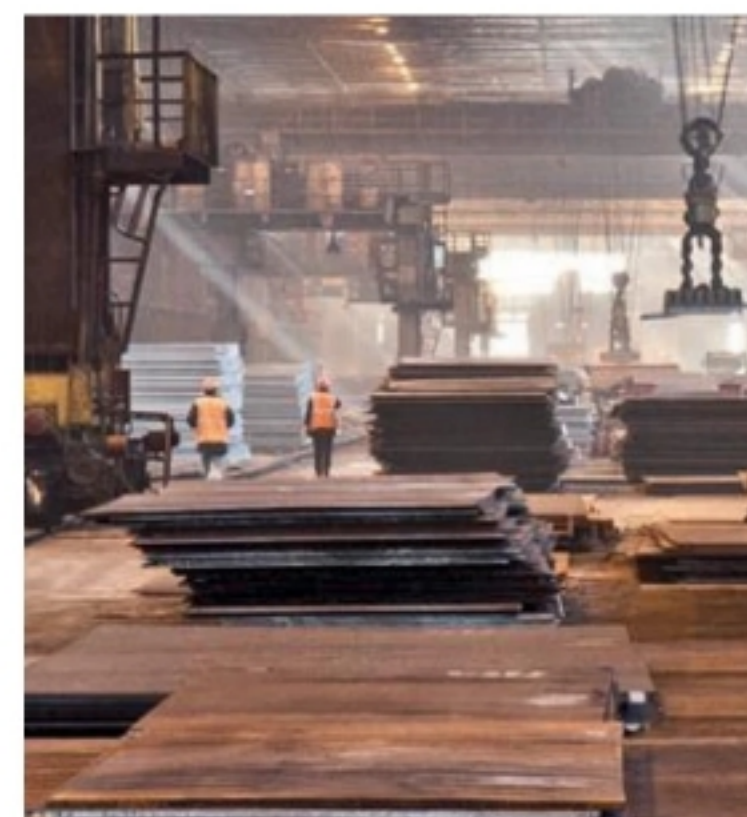


Photo: Metinvest

Investors Brace for Extensive Concessions

Privatization and concessions form a key part of Ukraine's infrastructure development plan



IQ Business Center. Photo: Kan Development

As Ukraine's new government moves to modernize the nation's infrastructure with \$20 billion of investment over the coming years, foreign investors are lining up to reap opportunities in road, port, airport and rail projects across the nation.

In October, the Ministry of Infrastructure launched two pilot concession projects at the ports of Olvia and Kherson, which attracted over 30 participants from

across the world. Moving forward, more port, road and airport projects will open to investors through concessions, while the government has also earmarked IPOs.

"There is a unique opportunity for investors right now because the president's office, the cabinet of ministers and the parliament are all working together towards the same goals," says Minister of Infrastructure Vladyslav Kryklii. "In the future, we will launch IPOs for the railway company and the national postal operator."

One such investor set to support the new infrastructure development drive is Turkish firm ONUR Group, which has built a solid reputation as one of Ukraine's most successful developers over its 15 years of operation in the country. →

INTERVIEW



IGOR NIKONOV
FOUNDER OF KAN
DEVELOPMENT

Investors will see a high return on investment if they enter Ukraine's property development sector, says the founder of KAN Development, a Kyiv-based real estate company.

What makes property development an attractive investment?

In Ukraine, professional developers didn't really exist until recently; we're a fairly new concept. KAN Development

is the first company in the country that viewed development in terms of creating an environment and putting that above the bottom line.

What is driving market demand?

The property market is not saturated here so there is a lot of space and opportunity for new developments. The low level of competition in the real estate market allows for high profits of around 20% to 25%. If the quality you deliver is good, you will have a business.

How has KAN left its mark on the market?

KAN's presence in Ukraine is generally evident in films or videos set in Ukraine because our buildings, such as Ocean Plaza, IQ Business Center, Gymnasium A+, etc., appear throughout the city of Kyiv. This diversified portfolio of assets is a testament to the umbrella vision and capacity that we have as a developer.

→ READ THE FULL INTERVIEW AT
ukrainethe-report.com

KAN CREATE WITH US

KANDEVELOPMENT.COM

TETRIS HALL

➔ Much of ONUR's success has come down to its vertical business model: the company owns and operates its own quarries and concrete production facilities, as well as its own machinery and equipment, thus ensuring efficiency and protection from market risks in

"We will launch IPOs for the railway company and the national postal operator"

VLADYSLAV KRYKLI
MINISTER OF INFRASTRUCTURE

the material supply chain.

"With the desire for national infrastructural improvement, we have participated in more tenders. In parallel, we also started to enlarge our own production facilities and accelerated our investments in Ukraine," says ONUR Head of Delegation & General Coordinator, Emre Karaahmetoglu.

"In Ukraine we have around 2,000 machines and pieces of equipment, and if we get more projects, we could raise this to 3,000 by

late next year. As for staff, we have 5,000 employees here and we'll keep growing this number as well."

Having identified a bright future in Ukraine, ONUR has also expanded its investments into other high-growth segments, namely agriculture and renewable energy.

Another developer forecasting solid growth is KAN Development, which has executed some 25 residential, social and commercial projects in collaboration with key partners. With 20 years' experience in the country, KAN is positioned to partner with investors looking to tap into opportunities in construction.

"A win-win is for foreign investors to come in and do joint projects with developers in Ukraine, who have the ideas, the local knowledge and the network, but not enough capital," says KAN Development Founder Igor Nikonov.

"We are trying to create ecosystems with the infrastructure we are developing to continue attracting foreign investors and show them the results they can attain when we work together." ■

INTERVIEW



EMRE KARAAHMETOGLU
HEAD OF DELEGATION &
GENERAL COORDINATOR OF
ONUR GROUP

Founded in Turkey, ONUR is a leading construction firm with experience in large-scale infrastructure projects in Ukraine and several other countries. The group's chief of its Ukraine delegation explains why they are investing so much in the country.

Since coming here in 2004, how has the market grown in importance?
Ukraine has become our second-largest market after Turkey. We have been able to play a signif-

icant role in development of the country and foresee several upcoming opportunities in various sectors for our further growth.

What forthcoming projects will define 2020?

We have plans to build a complex in Ukraine with a hotel, a multipurpose convention and exhibition center with room for 3,000 people, and several IT business centers. We want it all in one place in the Lviv region.

How does owning your equipment help business?

Other companies, after winning a tender, need to lease equipment and this causes delays. We don't have this problem.

Some investors are nervous about Ukraine. What would you tell them?

ONUR has been present in Ukraine the last 15 years without our operations being interrupted or disturbed. Our existence is proof of the security of investments.

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ukrainedavos.the-report.com

Ukraine's IT Exports Hit \$4.5bn

Global IT firm SoftServe best typifies the kind of software development solutions Ukraine offers



Photo: SoftServe

Ukraine's IT sector is one of the nation's fastest growing industries. With close to 200,000 IT engineers and thousands of companies providing cutting-edge solutions to foreign clients, the Eastern European nation has earned a sterling reputation as an outsourcing hub and ranks as one of the best countries in the world for software development.



"Local companies in Ukraine have developed great experience in many areas"

TARAS KYTSMEY
MEMBER OF THE BOARD
OF SOFTSERVE

As that reputation has grown so too have Ukraine's IT exports, which reached \$4.5bn in 2018, almost \$1bn more than the previous year. In line with current trajectories, the industry aims to grow this figure to \$8.5bn by 2025, as an increasing number of businesses worldwide turn to Ukrainian firms to support their shift to Industry 4.0 technologies.

"Local companies in Ukraine have developed great experience

in many areas, such as business analysis, software architecture, system architecture and project management," says Taras Kytsmey, Member of the Board of SoftServe, a homegrown IT firm with a global footprint.



"We are approaching potential new clients for Google's cloud platforms"

YAROSLAV LYUBINETZ
CHAIRMAN OF THE BOARD OF
SOFTSERVE

"These companies are not just offering a specific service; they can provide full software around the latest technologies, such as artificial intelligence," he adds.

Founded in 1993, SoftServe best typifies the success and capabilities of the Ukrainian IT industry, having grown from a humble local software business to a thriving global giant with 8,000 employees and 30 offices worldwide.

Offering state-of-the-art solutions to its clients for over 25 years, this Austin-headquartered company is currently at the forefront of the latest emerging technologies, and has partnered with iconic US organizations such as Google and Carnegie Mellon.

"We developed methodologies with Carnegie Mellon to use software architecture in education. Even now, Carnegie Mellon uses this approach in their courses," explains SoftServe Chairman of the Board Yaroslav Lyubinetz. ➔

TECH VOICES

"The tech industry is growing exponentially in Ukraine"

NICHOLAS TYMOSHCHUK
CEO OF UFUTURE
(investment company)

"Our vision is to create one of the largest innovation centers in the world"

DOMINIQUE PIOTET
CEO OF UNIT.CITY
(innovation park)

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FOR THE FUTURE

→ “Another example is our partnership with Google on Cloud and Big Data,” adds Lyubinetz. “Together we are approaching potential new clients for Google’s cloud platforms and also potential new clients for us to provide solutions for those cloud platforms.”

In 2013, SoftServe established its Centre of Excellence (COE) in Austin, where today it has some 800 experts – including software architects, designers and business analysts – working together to develop next-level services using Big Data, AI and machine learning.

“What they do is IT consultancy work and defining solutions. At the COE, we are developing methodologies and horizontal solutions that could be used in many verticals,” says Lyubinetz.

As Kytsmey points out, SoftServe perfectly demonstrates the capabilities of Ukrainian firms to provide cutting-edge IT solutions and consultancy services that allow them to both solve client challenges and define their needs. “That’s what SoftServe is providing. We are engineers, consultants, advisors and providers.” ■

Renewable Capacity Doubles Amid \$4.8b Surge in FDI

Ukraine’s generous green tariffs have helped allure global investors

While renewable energy is still a relatively small industry in Ukraine, the sector has witnessed phenomenal growth in recent years. In 2019 alone, renewable energy capacity doubled and now makes up around 4% of the energy mix. With the goal to have 25% of the grid fed by renewables by 2030, investment in wind, solar, hydro and biomass is set to continue growing as the industry becomes increasingly attractive to foreign investors.

“Our next step will be to create transparent access to the market”

OLEKSIY ORZHEL
MINISTER OF ENERGY AND
ENVIRONMENTAL PROTECTION

Investors are coming from Europe, Canada and the US, and are

attracted by Ukraine’s vast renewable potential, generous green tariff (one of the highest in the world) and favorable business and legislative climate. “Now we have a lot of FDI coming in, so the market is really growing,” says Maksym Kozytskyy, CEO of Eco-Optima, the largest renewable energy company in Western Ukraine.

As one of the chief drivers of renewable energy development in Ukraine with its wind, solar, hydro and biomass projects, Eco-Optima has also acted as a consultant to the government in the drafting of the progressive legislation that has made the sector so enticing for foreign investors today.

“Our next step for the renewable industry will be to create a transparent and competitive approach to providing access to



“We have a lot of FDI coming in, so the market is really growing”

MAKSYM KOZYTSKYY
CEO OF ECO-OPTIMA

the market,” explains Minister of Energy and Environmental Protection Oleksiy Orzhel. According to the government, \$4.8 billion has been pumped into renewables in the past five years, while several projects with a total capacity of 2.5GW are currently being implemented. ■

HARNESSING WIND, SUN, WATER, AND BIOMASS

The largest company in Western Ukraine, Eco-Optima is engaged in the development and implementation of renewable energy sources.

We are the first privately owned company to receive a loan from the European Bank for Reconstruction and Development (EBRD), which we used to build the first wind farm in Western Ukraine.



ECO OPTIMA
green energy for life

Sichovykh Striltsiv St, 12, Lviv,
Lviv Oblast, 79000 / +380322 610 776
info@ecooptima.com.ua



www.ecooptima.com.ua



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In Focus

— THE NEWS IN PICTURES





BATEMANS BAY, AUSTRALIA

Night Terror

Members of New South Wales' Rural Fire Service—the world's largest volunteer firefighting agency—work through the night to prevent flames from crossing a highway between two towns on January 2. Bushfires have ravaged the country for months, but the situation dramatically escalated over the Christmas break. Since the fire season began, more than 24 million acres have been burned and at least 24 people have died.

📷 KATE GERAGHTY



CLOCKWISE FROM RIGHT: CRISTIAN HERNANDEZ/AFP/GETTY; MANAN VATSYAYANA/AFP/GETTY; RICARDO ARDUENGO/AFP/GETTY



GUANICA, PUERTO RICO

Fault Lines

A woman passes by a house that was damaged by a 5.8-magnitude earthquake on January 6 that was felt across much of the island. The quake, which hit at 6:32 a.m. local time, toppled structures and caused power outages but there were no reports of casualties. The next day, a 6.4-magnitude quake hit—the most powerful in 100 years. One person was killed and 300,000 were left without water.

📷 → RICARDO ARDUENGO



QUANG PHU CAU, VIETNAM

Scents & Celebration

Women collect dried incense sticks on January 9 ahead of Lunar New Year celebrations, known in Vietnam as *Tet*. Based in the “incense village” on the outskirts of Hanoi, many residents’ families have been part of the trade for more than a century. The sticks are dyed and dried in courtyards and along streets before being bundled and sent off to be burnt during worship in temples and at home altars around the country.

📷 → MANAN VATSYAYANA



CARACAS, VENEZUELA

Speaking Up

Venezuelan opposition leader and self-proclaimed acting president Juan Guaidó faces off with soldiers in riot gear before storming the National Assembly on January 7. Troops loyal to President Nicolás Maduro had tried to keep Guaidó out but were overpowered by his supporters, who swore him in as parliamentary speaker despite power being cut. It has now been a year since Guaidó declared himself interim president.

📷 → CRISTIAN HERNANDEZ



CRUSHED BY DEBT?

The typical consumer racked up more than \$1,300 in debt over the holidays. But if you play your cards right, you can dig yourself out of the hole quickly.

"We intend to...work to become financially independent." » P. 24



MONEY

A Cure For Your Holiday Debt Hangover

Feeling the financial pain of last year's giving season? These five moves will get you back in the black fast

 THAT QUEASY FEELING YOU GOT LAST MONTH after you overindulged at a holiday party or knocked back one too many glasses of bubbly on New Year's Eve? Chances are you may suffer a similar sensation this month when your credit card bills show up—stark proof of the toll your holiday travels, entertaining and generosity are taking on your finances.

Plenty of people share your pain. The typical consumer racked up more than \$1,300 in debt over the holidays, according to a MagnifyMoney survey, with Gen-Xers owing the most, at \$2,076 on average. Compounding the problem: Seven in 10 borrowers already had a balance on their credit card before the giving season began.

"It isn't splurging for that one big, expensive gift—the car with the bow in the commercials—but all of the hundreds of small, seemingly insig-

nificant transactions that you don't appreciate until the credit card bill comes," says Bill Engel, a financial consultant at wealth management firm Fort Pitt Capital Group. "All of a sudden you owe two to three times more than you thought."

Paying down that debt can get expensive—and stressful. Most borrowers say they'll need a few months or more to whittle their balance down to zero, according to Magnify Money, and the average financing rate on a credit card is 17 percent. Store cards, used by a fifth of holiday shoppers, are even worse, with an average rate of more than 25 percent. No wonder nearly six in 10 consumers admit they're stressed out about what they owe from the holidays.

That's no way to start a New Year. If you've given your favorite credit card too much of a workout lately, these simple moves will help get your finances back on track.

BY

TAYLOR TEPPER
 @TaylorTepper

Put spending on pause. Just as abstaining from alcohol during a “Dry January” can improve your health, so you can get your finances in better shape by pledging not to buy anything but essential goods and services during a “No-Spend January.” If foregoing concert tickets and eating out for a month proves less painful than you imagined, you might even stretch it into a Frugal February. This is a two-fer strategy: Not only will you make room in your budget to pay down debt, you’ll also break yourself of last month’s spending-spree mentality.

Too draconian? Look for more targeted places to free up cash to put toward your credit cards. A prime target: monthly revolving subscriptions, like Netflix and Audible. According to the business consultancy firm West Monroe Partners, Americans dole out almost \$250 a month on such fare, and almost nine in 10 consumers underestimate their cost.

If you’re among the more than half of shoppers who save their credit card information on retail websites, also delete your credentials from the Amazons of the world, at least for a

month or two. By making an impulse purchase more irksome, you reduce the chances you’ll actually buy the item and rob yourself of money you can put toward debt.

Make windfalls work for you. The start of the year is typically when companies hand out bonuses for the previous year’s work and early-bird tax filers get their refunds (\$2,860, on average, last year). Turn that influx of cash into a shield against red ink, not a license to buy a new jet ski.

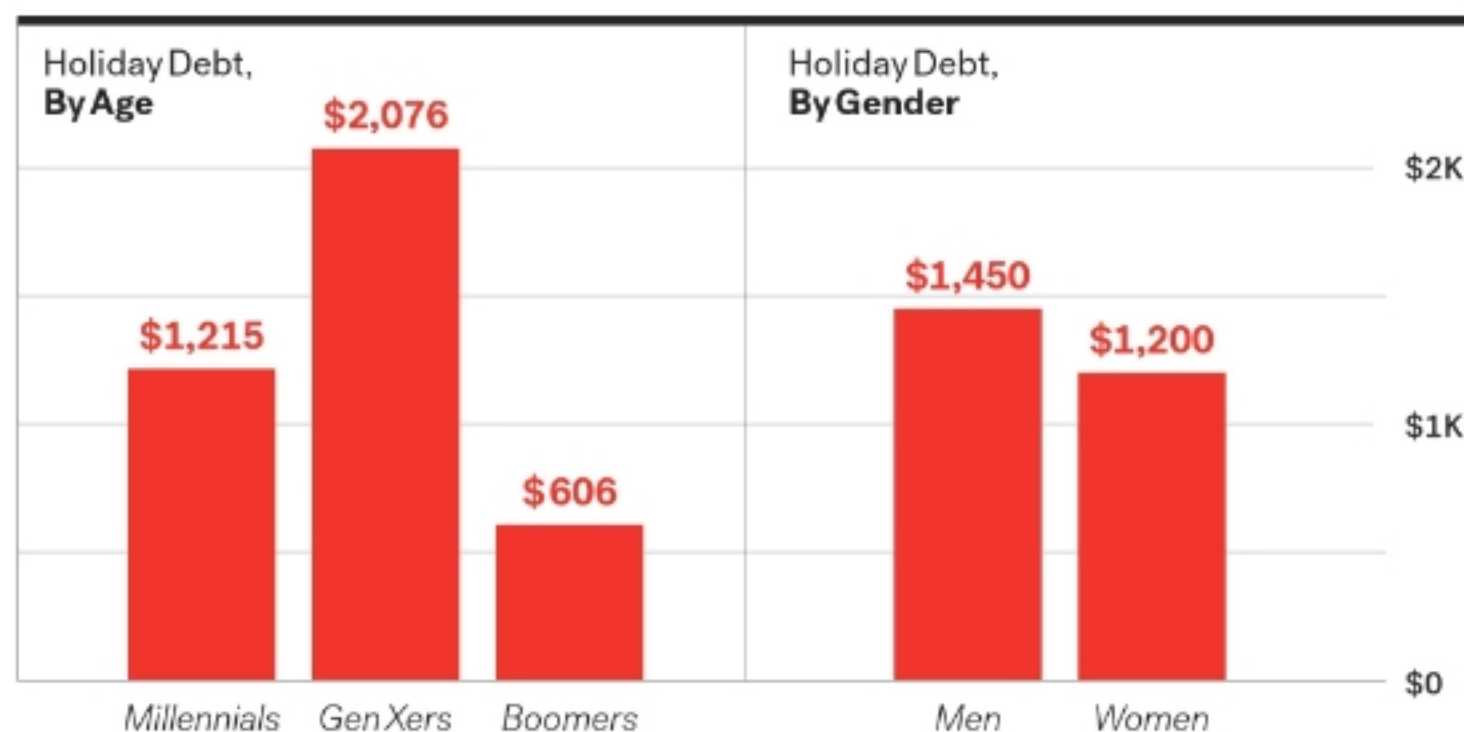
Matt Becker, a financial planner in Gulf Breeze, Florida, suggests using cash infusions to pay down debt, as well as to add “25 to 50 percent of their annual raise to automatic monthly debt payments, prioritizing the highest-interest debt first.”

You can also redeem rewards you’ve accumulated on your credit card as a statement credit to reduce your balance. Almost a third of cardholders never use their points, a Bankrate survey found. Enjoy the irony: You’ll be using rewards at least partly amassed from holiday spending to pay off those same bills a month or two later.

Who’s the Biggest Borrower?

OLDER CONSUMERS AND WOMEN WERE THE BEST AT KEEPING HOLIDAY DEBT IN CHECK LAST YEAR.

SOURCE: MAGNIFYMONEY



Cut your interest to zero. If you’ll need more than a month or two to wipe out your debt, a balance transfer card can sharply reduce your cost of borrowing, enabling you to put more toward principal and pay off what you owe faster. These cards typically offer a set period of interest-free payments on the amount you shift to them from another credit card, often 12 months or more. There’s usually a fee, generally 3 percent of the balance you move over. Typically you’ll need a credit score of 660 or higher to qualify.

Some issuers waive the fee entirely or offer an unusually long interest-free payback period (18 months or more). But it’s tough to find both features in one card. An option that comes close: Chase Slate, which offers 15 months of zero-percent interest on balances you transfer within 60 days

UPPERCUT IMAGES/GETTY



of opening the account. The Amex Everyday also has 15 months of no interest, with no balance transfer fee.

To get a longer interest-free period, however, you'll have to pay a balance transfer fee. One solid option: the Citi Double Cash, which has a relatively low fee (\$5 or 3 percent of the amount you transfer, whichever is greater) and an 18-month no-interest payback period.

Focus your efforts. If you charged holiday purchases on more than one credit card, don't spread payments evenly among them. Research shows that borrowers feel inspired to retire debt more aggressively when they prioritize payments on one card until it's paid off, making only minimum payments on the rest, before they move on to paying off the next one.

You can either focus on cards in

order of how much interest they charge (from highest to lowest) or by the size of your balance (from smallest to largest). The former will save you the most money in interest payments. But studies show the small-to-large-balance payoff strategy, commonly called the snowball method, typically provides a greater sense of progress, which in turn helps motivate borrowers to stick with the program until they're debt free.

“Nearly six in 10 consumers admit they’re stressed out about what they owe from the holidays.”

Think about next year. There's no time like the present to make sure the 2020 holiday season isn't a repeat of 2019, when it comes to credit card debt. “The clients I've seen avoid trouble are the ones who plan ahead,” says Becker. “They set up a dedicated ‘holidays’ savings account with an automatic monthly contribution that runs year round.”

While Christmas clubs may seem passé, they're actually genius. All you need to do is open a separate savings account and dedicate a small percentage of your paycheck to fund it. Say you earn \$70,000 annually, and expect to spend around \$700 on gifts, parties and the like next year. Simply sign up through your employer's direct deposit or via a financial services company to have 1 percent of your pay automatically directed into a “festivities fund”—the amount taken out will be so small you'll barely feel it—and you'll enter next winter solstice free of money anxiety.

Worried you might dip into that honey pot before the holidays? The website [Stickk.com](https://www.stickk.com), created by behavioral economists, has tools to help you stick to your goal, including ramping up the stakes by having you commit to donating to an entity (like a charity or your worst enemy) if you don't hit the target. The hope: The pain of losing money will feel worse than sticking to your savings goal. Or, simply make a side bet with a stickler friend or spouse who'll hold your feet to the fire.

Not only will you slash debt now, but the exercise will help you become more conscious of swiping your card when the 2020 holiday season rolls around—the proverbial win-win. **N**

→ Award-winning personal finance journalist **Taylor Tepper** is a senior writer at WIRECUTTER MONEY and a former staff writer at MONEY magazine.



ROYALS

Meghan Markle's Mutiny

Being a black woman in the royal family was never going to work

➤ IN A TOTALLY UNANTICIPATED public statement earlier this month, the Duke and Duchess of Sussex mutinied against a monarchical institution, confronted vicious media outlets and common disparagers, and chose more freedom for themselves and their baby boy.

Horrified traditionalists blame the uppity, black American wife. Harry was their darling, Officer Prince until the

hussy got under his skin, into his head and heart. Best-selling English novelist Sir Philip Pullman named and shamed their racism in a tweet and concluded: "This really is a foul country." So why should they not escape from it?

When Harry wed Meghan in 2018, the sun shone, birds sang, crowds cheerfully waved their wee union flags. The world loves performative British Royal weddings, but

BY

YASMIN ALIBHAI-BROWN

🐦 @y_alibhai

“The wedding created fantasies of a post-racial nirvana. But we realists were wary.”

this one came loaded with symbolism. Idealistic white people and minorities whipped up fantasies about a post-racial, post-colonial nirvana. For biracial Bernadine Evaristo, co-winner with Margaret Atwood of the Booker Prize, the marriage was as significant as Barack Obama winning the U.S. presidency: “It’s a sign of how far we have come as a nation.”

Not quite, not at all.

We realists were wary of the mass buoyancy and delusions. As I wrote in this magazine in May 2018: “The family and country [Markle] is joining is not what they appear to be.” Most Americans don’t know the U.K.’s true history, its politics and society. To them this is a fun kingdom of crowns and grand houses, quaint traditions, country pubs, Richard Curtis movies and great pop music. I assume this is what the lovely and talented Ms. Markle thought she was coming into.

The couple met in July 2016, just a month after the Brexit referendum split the nation irrevocably. Overt hostility against immigrants and Britons of color leached out from those cracks. Brexiters declared a culture war on diversity and equality. The public space, which had gotten more civil, turned nasty and felt unsafe for those of us with roots elsewhere. Meghan, black, modern, feminist was a lode-stone for seething xenophobes, macho men and some hateful women too.

During the build-up to the wedding, prejudiced journalists opined that she was more mistress than wife material

or that she was from the “wrong side of the tracks.” One commentator told me he believed voodoo had been used by the “sorceress.” Harry objected to the treatment, which only encouraged the brutes. Meanwhile, palace enforcers started pulling feathers from her wings: She was to quit social media, learn to not be herself, to be a royal.

After the wedding, there was a brief lull, then the hounds began barking again. Everything she did was wrong. Meghan likes avocado on toast, so a newspaper accuses her of encouraging murder and droughts; she wears jeans to Wimbledon, so offends All England Club members. As guest editor of *Vogue*, she celebrates inspirational women for the cover, but NOT THE QUEEN! scream Monarchists. And so it goes. Social media has been even more toxic. Conservative courtiers too recoil from this Duchess, who is demanding and knows her own mind.

This woman turned Harry from a wild, partying brat to a responsible, sensitive person who talks about his mental health and his beloved mum. He just wants to protect his wife from the dark powers that crushed his mother. Diana was a

naïve, trusting young virgin picked to breed by Charles and his then-mistress Camilla. Meghan is no Diana but there are similarities, mainly openness, inclusivity and vulnerability. Such women have no place in our undemocratic royal family which is often arrogant, greedy, self-serving and cold.

In December’s issue of the *Tatler* magazine, I speculated that 2020 would be crunch time for Britain and for Harry and Meghan. After we leave Europe at the end of January, I predict more racism and white nationalism on these isles. The Sussex family will escape all that for half the year. Good, first decision. Diana left her boys money. Next, they should liberate themselves from all royal trappings and live happily ever after. Good luck, guys. May the Force be with you. **N**

→ Award-winning journalist **Yasmin Alibhai-Brown** has written for *THE GUARDIAN*, *THE OBSERVER*, *THE SUNDAY TIMES* and *THE NEW YORK TIMES*. Currently, she is a columnist for the *INTERNATIONAL BUSINESS TIMES* and *THE NEW EUROPEAN*. The views expressed in this article are the writer’s own.

A ROYAL MESS? Above left: During the Queen’s birthday parade last year, Meghan and Harry’s smiles hinted at strain. Meanwhile, the author says, Brexit-fueled xenophobia (below, a 2018 protest) has added to their problems.



NEWSMAKERS

Talking Points



"We intend to step back as 'senior' members of the Royal Family and work to become financially independent."

—PRINCE HARRY AND MEGHAN MARKLE

abc

"I HAD TO PITCH PRETTY HARD ON ONE OF THEM."

—SENATOR ELIZABETH WARREN ON GETTING HER BROTHERS' VOTES



Elizabeth Warren

DAILY@NEWS

"Mr. Weinstein, is this really the way that you want to end up in jail for the rest of your life, by texting and violating a court order?"

—JUDGE JAMES BURKE TO HARVEY WEINSTEIN OVER USING HIS PHONE IN COURT



"I have not fled justice—I have escaped injustice and political persecution."

—FORMER NISSAN CHAIRMAN CARLOS GHOSN



Carlos Ghosn



"ONCE YOU OVERCOME THE ONE-INCH-TALL BARRIER OF SUBTITLES, YOU WILL BE INTRODUCED TO SO MANY MORE AMAZING FILMS."

—Parasite director Bong Joon-ho



Bong Joon-ho



"If you want free Netflix please use someone else's account like the rest of us."

—NETFLIX INDIA

Medium

"'DON'T BE EVIL' WAS NO LONGER A TRUE REFLECTION OF THE COMPANY'S VALUES; IT WAS NOW NOTHING MORE THAN JUST ANOTHER CORPORATE MARKETING TOOL."

—Former Google executive Ross LaJeunesse

FROM LEFT: SCOTT OLSON/GETTY; JOEL SAGET/AFP/GETTY; JEREMY CHAN/WIREIMAGE/GETTY

Saudi Arabia accelerates ahead

With special collaboration with



Riyadh Chamber

Vision 2030 is the catalyst for socioeconomic change

As comprehensive and bold as it is ambitious, Saudi Arabia's Vision 2030 strategic development blueprint is building on the kingdom's strengths and capabilities, including vast wealth of non-oil resources and human talent.

Since its launch in 2016, Vision 2030 has seen the public and private sectors strive to transform the energy-rich country into a global investment powerhouse by stimulating the economy and diversifying revenues away from black gold through a series of measures and fundamental changes. "Our Vision is a strong, thriving, and stable Saudi Arabia that provides opportunity for all," states Crown Prince and Chairman of the Council of Economic and Development Affairs, Mohammad bin Salman bin Abdulaziz Al-Saud. "We are determined to reinforce the capabilities of our economy, turning key strengths into enabling tools for a fully diversified future. As such, we will transform Saudi Arabian Oil Company (Aramco) from an oil producing company into a global industrial conglomerate [hence its recently successful huge Initial Public Offering (IPO)]. We will transform the Public Investment Fund (PIF) into the world's largest sovereign wealth fund. We will encourage our major corporations to expand across borders and take their rightful place in global markets."

Investment taps open as flood of FDI flows into the kingdom

Billions of dollars of foreign direct investment (FDI) has gushed into the kingdom over the past few years, with the drive for economic liberalization embraced by key government entities like the Saudi Arabian General Investment Authority (SAGIA). While emerging economic sectors like tourism, and leisure and entertainment grow at pace, the kingdom's natural resources and enviable position at continental crossroads remain a powerful magnet for major FDI, as clearly illustrated by the \$2 billion of new petrochemical investment deals signed by SAGIA in November 2019. Every day, several new foreign investment projects are granted licenses by SAGIA, with such applications in 2019 up more than 70 percent year-on-year.

Spearheading efforts to improve the business climate in the capital and surrounding region, the Riyadh Chamber of Commerce (RCC) helps acquaint foreign investors with local laws and regulations, and maintain commercial and investment relationships with national firms and institutions. The chamber also contributes to the state strategy of Saudization, as well as the transfer of technology and knowledge to national hands.

"Vision 2030 lays the essential groundwork for diversifying sources of income, enhancing investment conditions, job creation, supporting national industry, and assisting with the logistics for private investment related



Saudi Arabia blends rich traditions with modern infrastructure

events and activities," explains RCC chairman, Ajlan Bin Abdul Aziz Al Ajlan. The senior executive highlights the enormity of the National Transformation Program (NTP), which comprises nearly 550 initiatives and a huge budget of about \$72 billion for 2016-2020. Of these initiatives, more than 120 are closely related to the private sector, representing 23 percent of the total. The overall budget allocated to the initiatives related to the private sector amount to \$35 billion, or 49 percent of the program's total spend.

"The RCC has had many initiatives to back the move to privatization due to our firm conviction of the private sector's leverage and ability to upgrade the service level in various projects," Al Ajlan adds. "We are keen to enhance the role of the business sector, striving to assist it through the sectorial committees of the RCC. I extend a big welcome to business people and investors in all countries, and invite them to visit Saudi Arabia to acclimatize to the reality of economic development in all sectors."

New arrivals will look to follow the example of the El Ajou Group Trading Company, the trading arm of the prestigious Abdul Ghani El Ajou & Sons Holding Co. With its parent among the top 100 firms in the kingdom, the company has become a leading provider of office automation, including document imaging and printing solutions, space management and office furniture solutions. "The education sector is really growing, with many new universities planned. Our integrated business solutions strategic business unit is very engaged with the sector," says Maher A. El-Ajou, Vice Chairman, Abdul Ghani El Ajou & Sons Holding Co.



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Samba Financial leads the way

The award-winning banking giant has set its sights on exciting new markets

When the business world watched the high-profile launch of oil giant Aramco's long-awaited IPO in late 2019, it was no surprise to see the lead manager of the project was national banking titan Samba Financial Group.

One of the kingdom's most successful companies with a strong, visible footprint in international markets, Samba has grown from a premier bank into an international financial services entity. The firm's increasing presence in the Middle East, Europe and South Asia includes branches in Dubai and Pakistan. International growth is a vital part of Samba's vision as it seeks to bring its brand of world class banking services to more customers.

As a leader in pioneering innovative banking services and products, Samba's outstanding reputation is complemented by its a broad range of accounts and investment portfolios. Frequently named the best bank in Saudi Arabia, such unparalleled consistency shows Samba's enduring commitment to excellence, an unwavering commitment inspired by the trust and confidence of its investment, business and personal banking customers.

In another first, the dynamic company was proud to appoint the banking sector's first ever female CEO, with Rania M. Nashar generating record profits in her first full year at the helm. "At Samba, if you have the talent and drive, 'the sky's the limit', and I'm an example of that," explains Nashar, adding she worked her way up to the top position over two decades.

"What I like about Vision 2030—and I don't see this in many other countries—is the government and the ministries have key performance indicators (KPIs). Leaders are appraised on their performance similar to CEOs of companies. Now the country's public sector is growing at a faster rate than the private sector, which is really challenging for us. When we look at e-government and what the government offers, it's amazing.

"The financial sector is one of the main contributors to enhancing pub-

lic-private partnerships (PPPs), one of the goals of Vision 2030. Banks are becoming more innovative and creative; they're tapping sectors that were previously unbankable. They're creating solutions and working hand-in-hand with the government, and the achievements the sector contributed to are significant. For instance, in the housing industry, banks have partnered with the Real Estate Development Fund (REDF) and the Ministry of Housing. In just a year, more than 100,000 loans have been approved."

Vision 2030's green light for growth generates many winners

Nashar is highly satisfied with the kingdom's progress towards its many Vision 2030 goals, comparing the nation's journey to tense drivers at the start of a race who once the lights turn green accelerate ahead with everything they have: "We are running in one direction, towards one vision, and a shared future." While some companies would be delighted with its enviable track record of success, Samba is well aware of the need to invest in state-of-the-art systems, including financial technology (FinTech) like Blockchain, and the development of the kingdom's talented workforce to stay ahead of its rivals, both regionally and internationally.

Our world-class services, market-leading products and superior technology make us a very successful financial services brand.

Rania M. Nashar, CEO, Samba Financial Group

"We also have a partnership with Monshaat, the authority for the small and medium enterprises (SME) sector," Nashar adds. "Banks create products and services that support SMEs, a key driver of the economy. Since our inception, Samba has played a major role in the modern transformation of banking in Saudi Arabia. Our world-class services, market-leading products and superior technology make us a very successful financial services brand, and the most internationally acclaimed bank in the region."

Approaching its 70th birthday in fine shape courtesy of a winning strategy focused on extensive retail and investment operations, prudent management of asset quality, and diligent cost control, the National Commercial Bank

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BEST BANK 2015
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Vice Chairman
Abdul Ghani El Ajou
& Sons Holding Co



Rania M. Nashar
CEO
Samba Financial
Group

(NCB) is the largest commercial bank in the kingdom. An industry pioneer, NCB's esteemed history is built on a series of firsts: it was the first Saudi bank to launch a mutual fund product, the first to introduce credit cards, the first to operate an ATM, the first to introduce students savings schemes, and the first to open women-only branches. Given its strong legacy and impressive evolution into the premier financial services provider, NCB boasts large assets, financing and deposits, and enjoys healthy capital and liquidity ratios, underpinned by a diversified business model. The award-winning operator has the scale to enable the transformation of the Saudi economy and is the ideal platform to partner with international firms and investors for mutually-beneficial alliances.

New chapters being crafted in incredible transformation story

"Saudi Arabia is the natural financial hub in the region. It's the largest economy in the Middle East, a member of the G20 and a strong regional and international investor," states Faisal O. Al Saggaf, CEO of NCB. "We have recently seen several measures introduced by the government to improve the regulatory framework and attract foreign investors, which paves the way for further expansion and growth. The country has embarked on a great transformation story and there are tremendous growth and investment opportunities for investors, businesses and private sectors in what will be a sustainable growth story for many years to come."

With paid-up capital of \$8 billion, NCB also owns premier investment house and arm NCB Capital, and is the majority shareholder of Türkiye Finans Katılım Bankası (TFKB), the leading participation bank in Turkey. NCB is also a huge investor in Saudi citizens, with its workforce overwhelmingly comprised of local employees. "We focus on homegrown talent and have a very strong youth development program," Al Saggaf adds. "We will continue to develop this because banks, ultimately, are only as good as their people. I want my legacy to be a great talent base that is highly motivated, highly effective, customer focused, and driven to achieve success and deliver great returns to our shareholders."

Another major source of pride for the senior executive and his management team is the company's strong commitment to corporate social responsibility (CSR) across its extensive branch network, many offices, and other front-end and back-end operations. "CSR not only allows us to give back to the community, but to engage our employees and give them the opportunity to contribute on a personal level, which instills a sense of belonging to the organization," he explains.

"Our productive families program is designed for women and run by women. We train women who wish to start their business and through the micro-financing program help them start and grow their sustainable business, and sell their products."

The Nation's Gateway of Progressive Banking

The National Commercial Bank, Saudi Arabia



Banking sector is platform for growth

Well capitalized and strictly regulated, financial services firms are flourishing

With more than a dozen players of varying size, Saudi Arabia's banking industry is well capitalized, a key conduit for FDI and trade, and complemented by a financial services sector comprising insurance companies, specialized lending institutions, and the stock exchange (Tadawul).

Industry guardian the Saudi Arabian Monetary Authority (SAMA) operates as the central bank, with its remit including the supervision of banks and financial entities, management of monetary policy, and responsibility for ensuring strict compliance with banking system rules and regulations. The banking sector is at the heart of Vision 2030, with the Financial Sector Development Program (FSDP) striving to develop a diversified and effective financial sector to support the development of the national economy, diversify sources of income, and stimulate savings, finance and investment, and introduce cutting-edge technologies to boost efficiencies.

"The FSDP will achieve this ambition by enabling financial institutions to support private sector growth, ensuring the formation of an advanced capital market, and promoting and enabling financial planning, without contradicting the strategic objectives of maintaining the stability and solidity of the financial sector," notes the Vision 2030 document.

Vision 2030 commitments for 2020 include: increasing the total size of financial assets to GDP ratio to 201 percent from 192 percent in 2016;

boosting the share of capital markets assets from 41 percent to 45 percent; increasing the share of SME financing at banks from 2 percent to 5 percent; opening up the financial services sector to new players, like FinTechs firms, to spur innovation and growth.

Banque Saudi Fransi eyes debut in mass-market segment

With its once traditional focus on corporate banking paving the way for strategic expansion into other sectors, Banque Saudi Fransi (BSF) is a modern and dynamic financial institution fully geared to meet the challenges of the future. With 86 branches, nearly 560 ATMs, and more than 3,000 employees, BSF certainly has the experience, size and capacity to conquer new market segments, with retail banking currently in its sights.

"Our strategy is very much focused on capturing part of a market segment we have not efficiently addressed in the past, which is the mass-market segment," reveals Rayan Fayez, Managing Director and CEO of BSF. "We are not planning to be a big retail bank, but we are only playing in 20 percent of the market when there is 80 percent we intentionally have not addressed previously. We will dip our toes into that now. We want to grow market share beyond our historical position to something more commensurate to our size. When you look at our number of branches, it represents roughly 5 percent of the market share of branches. When you look at our deposits, it also reflects 6-7 percent of retail deposits. But when you look at our assets, which are the retail loans, they are 2-3 percent of the market. When we say we want to grow our retail loan business it's simply growing it into something commensurate to the



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Nabil Al Hoshan
CEO & MD
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Steve Bertamini
CEO
Al Rajhi Bank



Hisham Almousa
General Director
Hisham Bin
Abdulaziz Almousa
Investment Group



Abdulaziz M. Alonaizan
CEO
Bank Albilad

size of our retail network, as our assets are being under-utilized.” Recognized as one of the leading Shari’ah compliant financial providers in the kingdom, Bank Aljazira (BAJ) is a fast-growing, client-driven and service-oriented Saudi bank. Its broad product portfolio offers individuals, businesses, and institutions innovative financial services through teams of professional and dedicated staff. Given its extensive experience and operations in personal, corporate, and investment banking, BAJ is building on its strong foundations and investing heavily in digital services to take advantage of the kingdom’s technology-savvy young population. “One of the pillars of our new strategy is to build and focus on digital banking and encourage innovation,” explains BAJ CEO and Managing Director, Nabil Al Hoshan. “We have a significant portion of the new generation coming into the market and must be ready for them, and adapt to their needs.”

Boasting the largest customer base of any bank in the kingdom, the award-winning Al Rajhi Bank benefits from a vast network of more than 570 branches, over 150 dedicated ladies branches, nearly 4,800 ATMs, and more than 74,600 point of sale (POS) terminals installed with merchants.

“There are several competitive advantages that differentiate us,” states CEO Steve Bertamini. “We have the best distribution network in the Middle East; the strongest banking brand, and are also seen as the most innovative local brand in the country. Additionally we are the best capitalized bank in the Cooperation Council for the Arab States of the Gulf, and have the highest customer satisfaction as measured by our net promoter score. We have been outperforming the industry for quite some time. What has truly helped is our very clear strategic focus: on our customers, on the best digital experience, and on strategic sectors aligned with Vision 2030.”

Striving to become the preferred choice for genuine Islamic banking solutions, Bank Albilad offers financial products in business, retail, and investment banking. “With our investment in technology, people, infrastructure, product innovation and customer relationships, our strong growth will continue well into the future,” says CEO, Abdulaziz M. Alonaizan.

Innovative construction projects featuring distinct designs are real success

With lucrative large-scale investments in diverse sectors like real estate development, retail services, food and beverage, commercial aviation services, financial services, technologies, and health services, Hisham Bin Abdulaziz Almousa Investment Group’s reach is impressive. By concentrating on innovative projects with a distinct design, the company has established an outstanding reputation for excellence and minimizing risk through diversification.

“More than 50 percent of our investments are partnered with international companies,” notes General Director, Hisham Almousa. “We also have partnerships with several international companies in different fields. There are great opportunities in all sectors in Saudi Arabia and we look forward to embarking on major projects with them in the kingdom and elsewhere.”

Let's be part of building the future

We are committed to helping small and medium enterprises to become the engine of economic growth

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Private sector growth picks up pace

Firms in a diverse range of industries are embracing the aims of Vision 2030

One of the core ingredients of the kingdom's long-term strategic development plan is the rapidly-expanding private sector. As His Excellency Mohammed Al-Jadaan, Minister of Finance, said at the 2020 Annual Budget launch: "The government continues its steadfast commitment to empowering the private sector's role in the economy, job creation and diversification of investment under the umbrella of Saudi Vision 2030 objectives."

The minister reiterated the 22 private sector support initiatives targeting strategic sectors are bearing fruit as underlined by second quarter economic indicators. "We have adopted economic policies that target the growth of non-oil GDP, improving the quality of services for our citizens, and raising the efficiency and effectiveness of government spending, especially social spending."

Such progress and pledges are music to the ears of firms like Kingdom Holding Company (KHC), a diversified group with interests in hospitality, media, healthcare, aviation, petrochemicals, and real estate, among others. KHC is fully committed to making Vision 2030 a success—both from a commercial perspective and in bringing international best practice and investment opportunities to a wider cross-section of stakeholder interests.

KHC consists of a select team of experienced investment specialists



Tamer Group

www.tamergroup.com

directed by its founder and chairman, Prince Al-Waleed bin Talal and CEO, Talal I. Almaiman. In 2019, the company announced ambitious plans to invest more than \$1 billion in the national market, with senior executives looking at potential openings in all sectors except finance and real estate, where KHC is already heavily invested. "We truly believe Saudi Arabia is one of the top countries to invest in, and once invested you shall be well rewarded," Almaiman states. "There is no doubt that Saudi opportunities are huge. We are here to stay; we are a Saudi company that was established in Saudi Arabia. All our senior management team members are Saudi, and we are very proud of that."

Founded 20 years ago the University of Business and Technology (UBT) is a Jeddah-based private university catering to male and female students seeking undergraduate and graduate programs. With an alumni of 5,800, UBT is famous for its "Education for Job Opportunities" slogan. When it comes to the employability of graduates, UBT is among the national leaders with 78 percent of its graduates employed within six months of graduation.

"Universities can prepare students for the jobs of today, but for the jobs of the future, they have yet to catch up. At UBT, we are focusing on the future," says UBT CEO, Mohanad A. Dahlan. "Vision 2030 will require many new jobs—jobs not yet available here. Universities have yet to produce qualified individuals that can lead new industries such as robotics, and cyber security."

Healthcare Sector in Excellent Shape

Established in 1922 as the first pharmacy in Jeddah, Tamer Group is now one of the leading Healthcare Groups in the Kingdom, operating in the fields of pharmaceuticals, manufacturing, logistics services, and the distribution of FMCG and prestige products. To be the partner of choice, Tamer Group has sustained solid partnerships with leading healthcare organization on a local and international level.

"We will continue to strengthen our leadership position through extending market reach, product portfolio enhancements and diver-

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Since our establishment in 1922, we have grown from a pharmacy store into the most trusted distributor and producer of pharmaceuticals and medical appliances, as well as healthcare, nutrition, beauty and prestige consumer products in addition to third-party logistics.



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Mohammed Al-Jadaan
Minister of Finance



Talal I. Almaiman
CEO
Kingdom Holding Co



Mohanad A. Dahlan
CEO
UBT



Marwan Moukarzel
CEO
Alhokair Fashion
Retail



Ayman M. Tamer
Chairman &
Managing Partner
Tamer Group



Mohammed Saud Albader
Managing Director
Saudi Chemical
Company

sification of service offerings,” says Ayman M. Tamer, Chairman and Managing Partner. We support partners in achieving by providing them with an efficient, robust transactional platform, state-of-the-art operational infrastructure, a highly-skilled, professional team and the agility required to adopt customized solutions to run multiple business models”.

Designated by Vision 2030 as “one of the most significant economic sectors” for the kingdom, the social and healthcare industry will receive a staggering \$167 billion in cumulative government expenditure in 2020.

Largely publicly financed, the healthcare sector has made major strides in the quality of its infrastructure and service provision, although 90 percent of all medical equipment and devices are imported. Now the largest pharmaceutical market in the region, Saudi Arabia has attracted substantial investment from industry giants like GSK.

A subsidiary of industrial titan Saudi Chemical, AJA Pharmaceutical Industries produces a wide range of pharmaceutical products in various finished dosage forms for different therapeutic classes. “We aim to form collaborations to co-develop, co-manufacture, co-market and widely sell and distribute, carefully selected range of products, as well as licensed products with technology transfer; relying on the huge capabilities, quality and technologies at our own plant,” affirms Mohammed Saud Abader, the successful group’s Managing Director.

The recent 2020 Budget Statement highlighted notable growth in various economic sectors during 2019, with that positive trend forecast to continue into 2020 and beyond. Progress towards the plethora of Vision 2030 goals is gathering speed, and the fusion of multiple strategic objectives for economic diversification with a stable economic framework and pro-business climate bodes very well for the kingdom’s future.

Glitzy shopping malls ensure retailers ring up decent returns

With large, modern and gleaming shopping malls springing up around the kingdom, the Saudi retail sector is forecast to repeat its recent double-digit annual percentage growth which has seen it become a major source of employment with more than 1.5 million workers.

The largest franchise retailer in the region, Alhokair Fashion Retail has more than 1,750 stores that offer the latest designs from over 75 brands. “The Saudi customer is significantly more sophisticated than before. They know exactly what they want.

They have international exposure, and they know the brands, which makes it interesting and more challenging for retailers,” states CEO, Marwan Moukarzel. “The malls here are impressive and better ones are coming. This is a welcome opportunity for retailers like us. We want to shift from being purely a fashion player, to more of a lifestyle player, so will take advantage of the opportunities ahead to transform this company into a lifestyle company.”

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أزياء الجلالة
Fashion Retail

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Hisham Bin Abdulaziz Almousa Investment Group
P.O.Box 92994, Riyadh, Kingdom of Saudi Arabia 11663
Tel: +966112347362 | info@hmggroup.com.sa | www.hmggroup.com.sa



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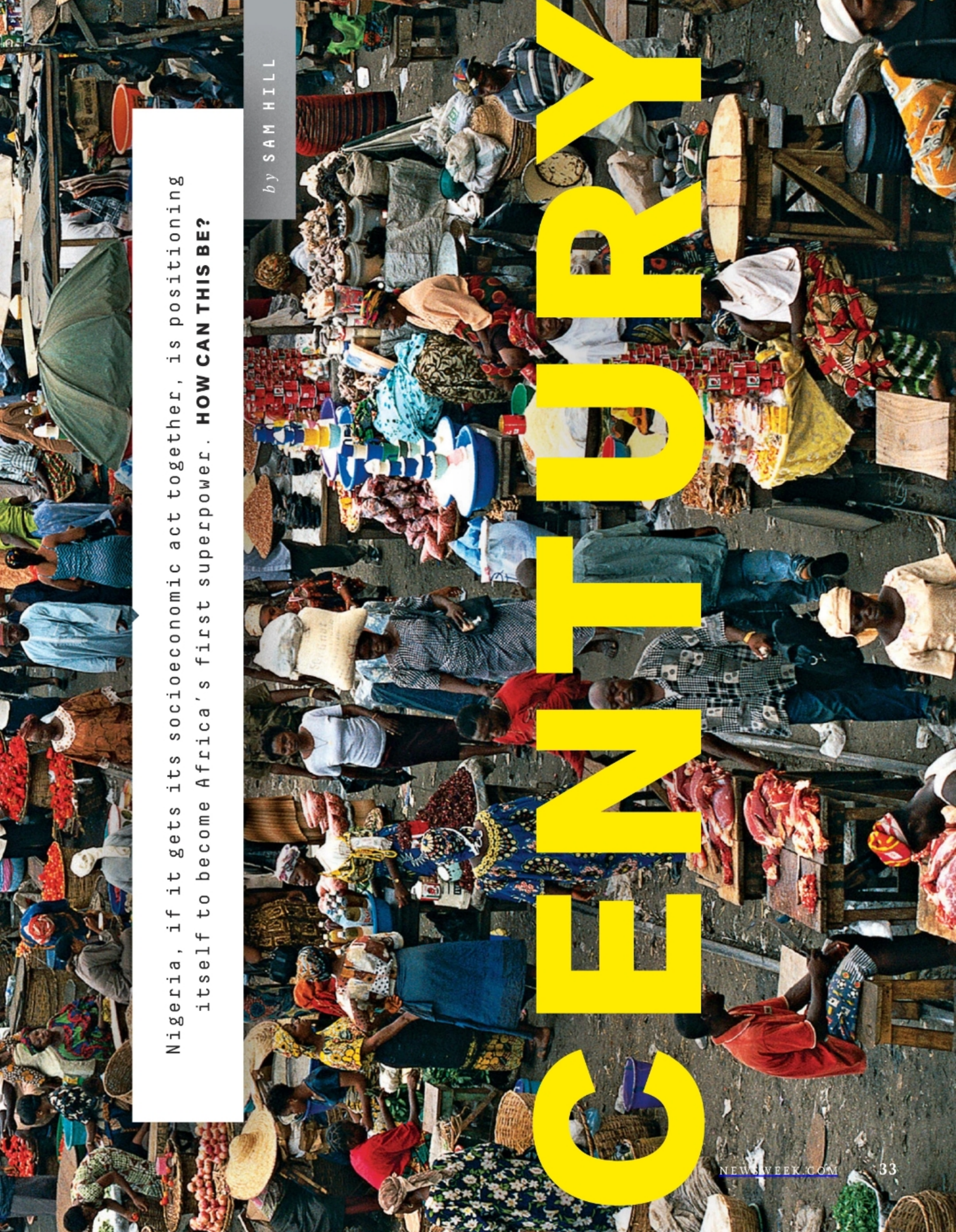
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Nigeria, if it gets its socioeconomic act together, is positioning itself to become Africa's first superpower. **HOW CAN THIS BE?**

by SAM HILL

FRY

IT'S

MIDNIGHT IN A MEDIEVAL

palace in the oldest city in West Africa: Kano, Nigeria. A thousand years ago, this was one of the richest cities in the world, the terminus of the cross-Saharan trade that brought guns and salt to exchange for slaves, gold and ivory. The palace has 5-foot thick walls, floor-to-ceiling bookshelves, stone pathways and ornate mosaic domes. On the walls are large color photographs of a serious-looking man wearing a white turban with a veil across the bottom of his face. The two tails of the ceremonial knot that holds the veil in place look like bunny ears.

The man is Muhammadu Sanusi II, the 14th emir of Kano, the second most important religious position in Nigeria. I watch as his assistant crawls across the carpet on his hands and knees. Bowing his head to the floor, he hands my business card up to the emir, then crawls away backward. Sanusi motions me to sit.

I'm here to find out what the future holds for Nigeria. I've been told the emir is one of the "three or four" people who may know the answer. It's an important question, and not just for Nigerians. In 30 years, Nigeria will be, by population, larger than the U.S. By the end of the century it will be the third largest nation in the world, behind India and China, and the most densely populated large country, with more people per square mile than even India. It will have more Muslims than any other country in the world, and more Christians. And if it can get its socioeconomic act together, it may also be the first superpower in the Southern Hemisphere. It's got a tremendous number of advantages that should help it do that: resources, scale, talent, work ethic and a democratic government, but it has an equally long list of challenges.

I'm hoping Sanusi can tell me which will win out.

The emir has a degree in Sharia, Islamic law. He also has a master's in economics. Before becoming emir, he was head of the Nigerian equivalent of the Federal Reserve. His reform agenda was so aggressive it was known as the Sanusi tsunami. It earned him recognition as the top central banker in the world. He has an equally ambitious agenda for his emirate. I listen as he describes a future that has stronger rights for women and children; he also explains how to use education and child support laws to end child marriage and slow population growth. He talks about modernizing agriculture and investing in its value chain.

Can it happen?

State of the State

WHEN YOU'RE STANDING ON A DUSTY STREET ANKLE-deep in trash, watching young men load a cart with 5-gallon jugs of water that they will sell door to door to homes that lack indoor plumbing, it's not easy to envision Nigeria as a superpower. Expectations for the country have been high before: just after independence in 1960 and during the Africa Rising enthusiasm of a decade ago.

And yet, despite having had so much going for it, Nigeria has remained stuck near the bottom of the indexes used to compare nations—social progress, human development, peacefulness, governance, innovation, fragility, corruption and ease of doing business—while Asian nations have taken off. Nigeria is not a failed state, but neither is it a successful one. Oge Onubogu, who leads the Africa programs at the U.S. Institute of Peace, says, "Nigeria lurches from one crisis to another, but whenever you think it's about to topple over, it pulls itself back."

It's in one of those crises at the moment. Yemi Koyejo of the Nigerian-American Multicultural



SANUSI TSUNAMI

The emir of Kano, top left, sees a future of, among other things, stronger rights for women and modern agriculture. Top right: The emir in a Kano parade; a resident flashing Nigerian currency in Lagos.

FROM TOP: PATRICK VAN KATWIJK/GETTY; STEFAN HEUNIS/AFP/GETTY; JOSEPH EGABOR/EYEEM/GETTY; PREVIOUS SPREAD: JAMES MARSHALL/GETTY

► Nigeria lurches from one crisis to another, but whenever you think it's about to **TOPPLE OVER**, it pulls itself back.



Council in Houston says that all Nigerians want is “a decent life.” She says this comes down to basic services. “It’s really bad right now in Lagos, and if it’s bad in Lagos, imagine what it’s like in the rest of the country. The average person wants shelter, security, health care and electricity.”

Meanwhile, the population is exploding, growing more than twice as fast as the world average. That is especially true in the North, where fertility rates are typically around seven children per woman. Except in Lagos, local governments struggle to collect taxes and provide basic services. “Middle class” is defined as the ability to afford bottled water and a generator. Even more worrying to most Nigerians is the security situation. On average, seven middle-class Nigerians and oil field workers are kidnapped and held for ransom every day. Only a few years ago, most people made the short trip from the capital Abuja to Kaduna by road. Now, most go by train. At Christmas, an ISIS offshoot of Boko Haram released a video showing 10 Christians being beheaded in Maiduguri. Every conversation about traveling ends with two words: be careful. Amenities in luxury condos include bulletproof glass.

Most say that the security situation is linked to the economy and that those who commit cyber fraud, extortion, piracy and robbery do so because they have no legitimate way to participate in the economy. They are entrepreneurs of violence. “If you have something at stake, you won’t be enticed to wear a suicide vest,” says Fareedah Yahuza Yashe, who runs the Community Engagement and Social Development Initiative. (CESDI is a nongovernmental organization in Maiduguri that helps female victims of the militant group Boko Haram.)

It’s hard to make progress anywhere, but it’s particularly hard in Nigeria. A complex set of policies and agreements keeps the peace between Nigeria’s many constituencies—a population of over 250 ethnicities split evenly between Muslims and Christians. In practice, that makes it hard to get anything done. A bill to increase transparency in the oil industry has been stuck in the National Assembly for 19 years. And many are resistant to change. In 2014, Sanusi was fired from his banking post for exposing corruption. Soon after his appointment as emir, Boko Haram suicide bombers and gunmen attacked the mosque next door to the emir’s palace, killing over 120 people. Now, the governor of Kano state and a frequent



MODERN NIGERIA
Top: The trading floor of the Nigerian Stock Exchange and, below, the Afam VI power plant in southern Nigeria. Far right: The Lagos skyline.

target of Sanusi's criticism, Abdullahi Ganduje, wants to break up the emirate to reduce Sanusi's power.

Many of the issues, and much of the gridlock, come back to oil. Roughly \$100 million worth of oil pours out of the ground each day. Spread across that huge population, that's only about 50 cents per person per day. That's not enough to make everyone rich, but more than enough to make some very rich. It's estimated that 80 percent of the proceeds from oil has gone to 1 percent of the population. It's money worth fighting over, and that's what Nigerians do at every level of the economy. Oil has given politics an outsized importance. As Onubogu says, "If you're excluded from politics, you're excluded from the economy."

Oil accounts for 97 percent of Nigeria's official exports. Over the past 21 years, the benchmark price of oil has roller-coastered between \$17 and \$145 per barrel. High oil prices have encouraged fiscally irresponsible policies, like excess spending,

AFRICA

vanity public works, subsidized imports of refined petroleum products, currency manipulation and high levels of protectionism. During boom times, Nigeria splashed around oil money hosting international events like the 2003 All-Africa Games. It spent on grandiose projects like the Moshood Abiola National Stadium in the new national capital of Abuja and the Nigerian space program, which has now launched five satellites. During periods of low prices, Nigeria has been forced to borrow.

Oil has also been ruinous for the environment. Although progress has been made, there's a long history of less than best practices by international companies, like gas flaring, which contributes significantly to climate change, as well as the environmental disasters caused by bandits who steal oil from pipelines and entrepreneurs who operate illegal (and dangerous) kerosene and diesel refineries and dump their waste product into the land and waterways.

Another Economic Miracle?

OK, HERE'S THE SHOCKER. DESPITE THE VIOLENCE and the red tape and the greed, Nigeria's economic success could match China's. The country could finally live up to its huge potential. And it has the same route to success as China: the economy. That seems almost unthinkable. But it's only because the China we know is the China of 2019. Few of us remember the sleepy panda that was China 40 years ago. We've now seen five East Asian economic miracles, so it's easy to position China as part of a trend. It's hard to imagine an African economic miracle because none of us has ever seen one.

Transforming an economy isn't easy, but it can be done. When Mao Zedong died in 1976, China was one of the world's most backward and impoverished nations. Gross domestic product per capita, essentially a measure of average income, was about \$200 (adjusted for inflation). Two years later, Deng Xiaoping came to power and deregulated the economy. It exploded. Average annual income is now close to \$10,000; 850 million people were lifted out of poverty. The transformation was accomplished with astonishing speed. Uche Orji, a former Wall Street investment banker who's now CEO of the Nigeria Sovereign Investment Authority, says he first went to China in 1998. When he went back five years later, it was "pleasantly unrecognizable."

Nigeria's numbers today are surprisingly close

GROWTH SPURT

Will a population boom lead to prosperity for Nigeria?



NIGERIA

↑ 532 ↑

2019

2100

201

733



DRC

↑ 275 ↑

2019

2100

87

362



ETHIOPIA

↑ 182 ↑

2019

2100

112

294



PAKISTAN

↑ 156 ↑

2019

2100

217

403



UNITED STATES

↑ 105 ↑

2019

2100

329

434



INDIA

↑ 84 ↑

2019

2100

1366

1450



INDONESIA

↑ 50 ↑

2019

2100

271

321



CHINA

↓ 369 ↓

2019

2100

1434

1065

NUMBERS IN MILLIONS



to where China's were before reform. In 1978, China's poverty rate was 55 percent, almost identical to the most recent statistics for Nigeria. And adult literacy in China was only 65 percent, comparable to Nigeria's 62 percent. Today, China's poverty rate is almost zero, and literacy is at 97 percent.

If a comparison to China seems too ambitious, how about India? Nigeria and India have more than a few similarities: Both are ex-British colonies and have an extraordinary number of ethnic groups (2,000 in India), endemic corruption, religious conflicts and a loyal and highly educated diaspora. Before 1991, India had a heavily regulated socialist economy, with extreme levels of protectionism for domestic industries and notorious levels of red tape and bureaucracy. Facing default, Prime Minister P.V. Narasimha Rao and Finance Minister Manmohan Singh began a reform program of reducing tariffs,

opening the economy to competition and foreign investment, and slashing bureaucracy. GDP per capita rocketed from \$368 to \$2,010. Between 2014 and 2018, India grew faster than China.

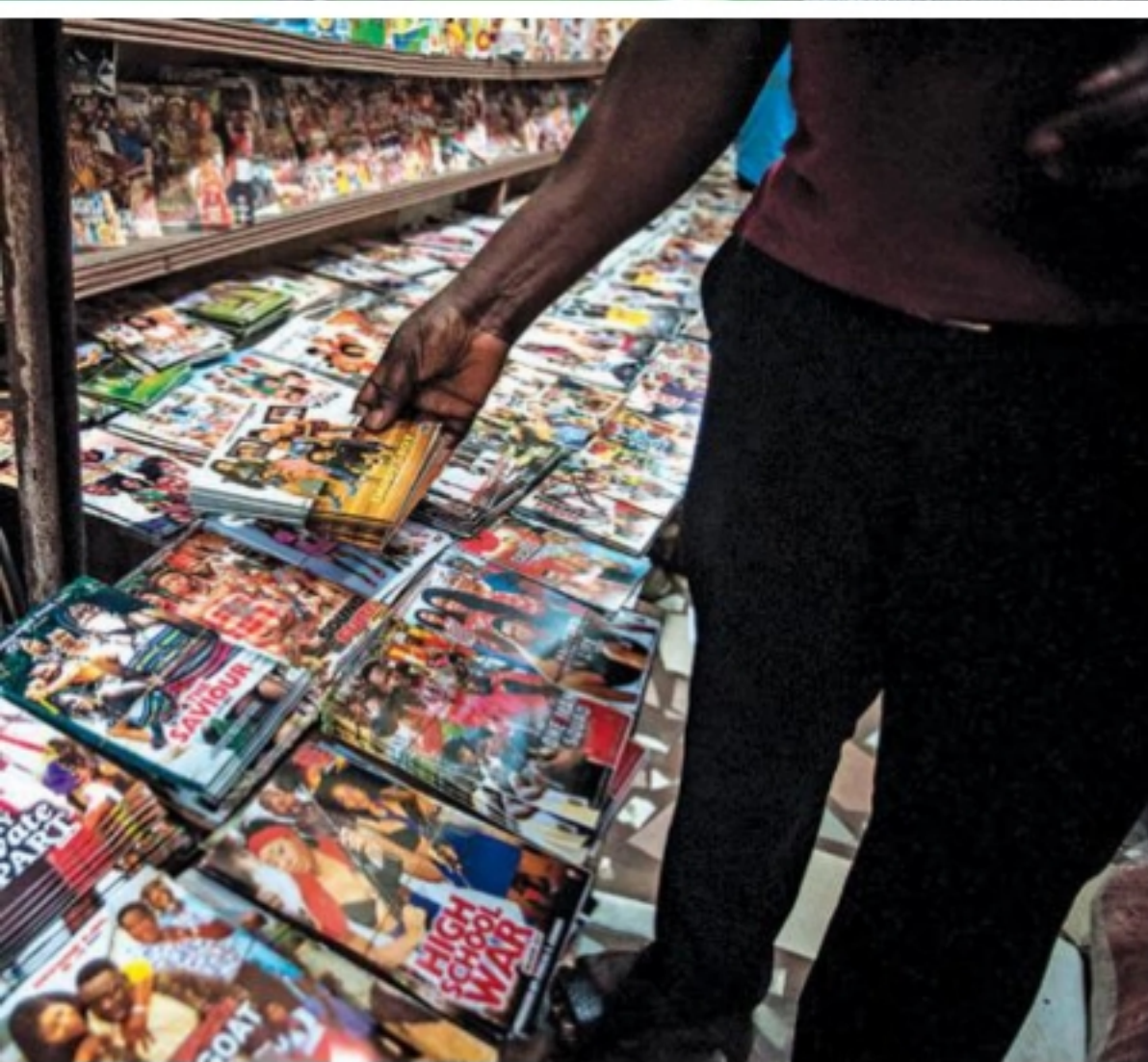
As with China and India, much of the case for Nigeria's potential comes down to one word: size. Large countries have huge advantages over small ones, both in terms of economic efficiency and in their ability to attract investment. It was the potential of China's huge domestic market, not its usefulness as a source of cheap products, that attracted foreign investment in the 1980s. Nigeria is the "last major open market on earth," says Randy Buday, DHL Express' regional director for West and Central Africa.

It has around 200 million people, 10 times that of an average African nation and almost twice that of the second largest, Ethiopia. One out of every seven black people on earth is Nigerian. Nigeria's

► Nigerians have a work ethic that makes Scandinavians look like slackers.

NO ONE SITS IN NIGERIA.





population is already larger than Russia's and in 30 years will pass that of the U.S. According to the U.N., by the end of the century, Nigeria will have 733 million people. It has what Folasope Aiyesimaju, CEO of the conglomerate UAC and formerly with Kohlberg Kravis Roberts in London, calls "demographics to die for." In other words, a young population. Nigeria is Africa's largest economy as well, surpassing South Africa. According to Canback Consulting, which focuses on emerging economies, it already has a small but growing middle class.

Of course, like China in 1978 and India in 1990, Nigeria has in place a set of economic policies that stifle innovation and efficiency. The government provides too much control and not enough support, such as infrastructure and basic services. One CEO says off the record, "Businesses pray to not be noticed by the government." Another describes a

"continuous parade of government types coming through my office trying to shake me down."

Andrew S. Nevin of PwC points out that the public sector in Nigeria is tiny compared with those of most countries. True. But if Nigeria removes the barriers to growth, its economy could explode too.

Secret Weapons

SOME PIECES OF THE PUZZLE ARE ALREADY FALLING into place. Nigeria has a functioning stock exchange and capital market. Pockets of the country are thriving. Sanusi points to Lagos state, which provides an excellent model for what Nigeria could be. It's dynamic and things work, in part because the government collects taxes and reinvests them in improving infrastructure and providing services.

The export economy is diversifying. Nevin says Nigeria's most valuable export is now people, not

STARTING UP

MIT grad and WeCyclers founder Bilikiss Adebisi-Abiola, left, navigates the tricky ground between making a profit and doing good in Lagos. Top left, clockwise: Students at an innovation contest; university students in Lagos; video editing at Irokotv; browsing "Nollywood" films.

oil. Around 5 million Nigerians live abroad, mostly in the U.K. and the U.S. The diaspora is highly educated. Almost a third of the Nigerians in America have advanced degrees. This diaspora is also passionately loyal. Nigeria gets more each year from remittances, money sent home by those working abroad, than it does from foreign aid. Nevin estimates that formal and informal remittances could total as much as \$40 billion. But the diaspora provides more than just money. It is a real-time link to Western know-how and technology.

Nigeria also has a booming arts and entertainment industry, which is a source of both export earnings and pride. Nigeria has produced an astounding number of first-rate novelists, including Nobel Prize winner Wole Soyinka, Chinua Achebe—whose *Things Fall Apart* has been translated into 57 languages—Biyi Bandele and Chimamanda Ngozi Adichie. (See accompanying story.)

The Nigerian film and television industry, or Nollywood, is reckoned to be the second or third largest in the world, after Hollywood and India's Bollywood. It produces around 50 movies each week, in every genre. Nigerian movies are shown in homes, movie theaters and video parlors throughout the country, as well as across Africa and the far-flung Nigerian diaspora. They are consumed by all levels of society, from those wealthy enough to have satellite dishes to those who flock to "community viewing centers"—in essence, mini-theaters using flat-screen TVs. TV stations in many African countries buy Nigerian programming. It's common to encounter Nigerian soaps and sitcoms on TVs in cafés and bars across the con-

tinent, even in francophone countries. Vendors walk the streets of Sierra Leone's Freetown wearing plastic ponchos containing Nigerian DVDs, often pirated.

Most are hastily shot and low-budget—some by what actor and director Ali Nuhu calls "roadside filmmakers." But Nigeria also has an upmarket segment. The film *Lionheart* was entered this year for an Oscar for best foreign film, before being disqualified for having too much English dialogue. The irony, of course, is that Nigerians speak English.

The Nigerian arts industry has been so dominant that artists in other African nations have paid it the ultimate compliment: complaining about "Nigeriazation." Nollywood is important as a source of jobs and export earnings, but even more than that, it is a reminder to Nigerians of what they can do when they set their minds to it.

Entrepreneurs Everywhere

BUT THERE'S EVEN MORE IN THE PLUS COLUMN. OIL, movies and the diaspora are well established. However, the future belongs to companies that aren't even on the radar yet. Nigeria has a robust and vibrant entrepreneurial ecosystem. Yaba, in Lagos, is Nigeria's Silicon Valley. It has attracted support from international technopreneurs like Facebook's Mark Zuckerberg. Nigeria is particularly strong in fintech and telecoms. And the high-tech explosion is not just in Lagos. Amal Hassan has built Outsource Global Technologies into a world-class organization that provides outsourced call center operations. Her company is located in the North, in Abuja and Kaduna.

There are thousands of startups in Nigeria, and



NIGERIA

A Brief History

1500 B.C.-500 A.D.

Iron-Age Nok civilization flourishes in north-central Nigeria near modern-day Kaduna.



10TH CENTURY

Beginning of the Trans-Saharan slave trade. Continues into the nineteenth century. The traders bring Islam to Nigeria.

1526

The Atlantic slave trade begins. Multiple slave forts soon established.



18TH CENTURY

British dominate Atlantic slave trade. Missionaries bring Christianity to southern Nigeria.

1804

The northern states of Hausaland are united by jihad into the Sokoto Caliphate.



MARKETPLACE
A general merchandise store in Maiduguri. Transforming an economy isn't easy, but it can be done.

1807

Trans-Atlantic slave trade is outlawed by the British.



1861

British annex Lagos, and a year later it becomes a Crown Colony

1914

Northern Protectorate, Southern Protectorate and Lagos Colony unified into Nigeria, part of British Empire

1957

Oil production begins in Niger Delta



1960

Nigeria becomes an independent nation



they're not just producing high-tech products targeted at the upper and middle classes. Some are trying to get traction in that tricky ground between making a profit and taking on big social problems. After finishing her MBA at MIT, Bilikiss Adebisi-Abiola started WeCyclers, basically a motorbike-based trash collection business that serves the 60 percent of Lagos' population that lives in slum neighborhoods where people are too poor to pay for trash collection. WeCyclers takes their waste and pays them with money it earns from recycling.

The spirit of small business is everywhere. The informal sector—street vendors, local businesses and tradespeople—is booming as well, particularly in Lagos. Nigerians have a work ethic that makes Scandinavians look like slackers.

No one sits in Nigeria. It's impossible to walk down the street without being approached by someone selling something, from peanuts to windshield wipers to an on-the-spot manicure. In Kaduna, the governor has converted a section of the market into a "recycling program" to provide employment for youth. It's backbreaking and dangerous work: smashing old alternators to pieces with hammers to pluck out the copper wire inside; bending old, razor-sharp roofing sheet metal to make bread bins; and melting down aluminum cans to recast them into cooking pots. The program has no shortage of applicants, many of whom are less interested in getting the basic skills the program provides than in earning money to pay their school fees so they can move on to better jobs. Nigerians are passionate about education and self-improvement.



1966

Military coup installs Major General Johnson Aguiyi-Ironsi. Twenty nine of next 33 years are under military rule. There are nine coups or attempted coups.

1967-1970

Three eastern states attempt to secede and form the Republic of Biafra. Up to two million die from fighting and famine in the Biafran war.

1991

A new planned city, Abuja, replaces Lagos as capital.

1998

Klepto-tyrant General Sani Abacha dies, setting the stage for a return to civilian governance.

1999

Sharia law is adopted by northern states. Between 10,000 and 15,000 deaths result from clashes between Muslims and Christians.



That's all great. But movies, high tech and street retail are not enough to support three-quarters of a billion people. As Aiyesimoju says, "Google's been a great success, but it hasn't transformed the American economy" alone. Transformation will require addressing core industries like petroleum, manufacturing and agriculture, making them more efficient and competitive. In the case of petroleum, there's also the need to streamline the state company that oversees the industry, the Nigerian National Petroleum Corp. In the case of agriculture, it's moving away from subsistence farming using almost Stone Age tools and techniques toward modern high-yield farming and redeploying those displaced workers in what Tufts University economics professor Margaret McMillan calls the "modern sector." So far, progress is spotty.

But Nigeria has a secret weapon: democracy. Academics Daron Acemoglu and James Robinson, authors of *Why Nations Fail*, argue that authoritarian states that free up their economies get a short-term boost, but it doesn't last because sustained success requires "inclusive capitalism" and democracy. That's what is happening in China now. A wave of autocratic leaders post-Deng hasn't been able to resist reasserting control of the economy and reversing many of his reforms. As they have done so, growth has cooled.

Nigeria's democracy may be imperfect, but it's democracy. Since the end of military rule in 1999, Nigeria has had five elections of increasing validity. In 2015, an opposition candidate won and came to power peacefully—no small achievement in sub-Sa-

► It's hard to imagine an
AFRICAN ECONOMIC MIRACLE
because none of us has ever seen one.

haran Africa. An entire generation of Nigerians has no memory of un-democratic government. It has a mostly free press and a vibrant civil society. Successive civilian governments have moved to protect democracy by reducing what has traditionally been the greatest threat: the military. They have deliberately coup-proofed the country by weakening the army, retiring its senior leaders and repositioning it as an internal security force that is scattered across the country. According to GlobalFirePower.com, the Nigerian army now ranks 44th out of 137 countries, which puts it somewhere between Peru and Denmark, and well behind South Africa.

Investors aren't moving into Nigeria yet, but they're watching. The talk used to be about the economic potential of the BRICS countries—Brazil, Russia, India, China and South Africa. Now it's MINT—Mexico, Indonesia, Nigeria and Turkey.

"Right now, Nigeria is seen as just too hard, but there's a wall of money waiting to come in if it gets it right," Aiyesimoju says. According to Orji, Nigeria is "just a few tweaks away" from being an attractive place for investors. "Look at South Korea," he says. "All it took was changing one thing—the landholding law." (That change allowed larger farms, which enabled farmers to invest in mechanization.)

MIXED PICTURE

Top, left: Adenke Alkinlosese, a textile dealer in Lagos, is an example of a growing and vibrant entrepreneurial class. Below: Massive farms have pushed out nomadic herders, which has resulted in violence.



2009

President Yar'Adua announces an "amnesty" for delta militants – a payoff arrangement that continues.

2009

The Boko Haram uprising begins. To date, over 50,000 people have been killed. When the group kidnaps 276 schoolgirls in Chibok in 2014, it gets worldwide attention and provokes a reaction from the Nigerian military that greatly diminishes the group.

2015

Former military leader Muhammadu Buhari is elected on an anti-corruption platform. First time an opposition figure wins the presidency through the ballot box.

2018

Conflicts between herders and farmers in the Middle Belt result in 1,949 deaths.

2019

Buhari wins re-election and was sworn in May 29.



SOURCE: Adapted from the forthcoming book, *SHARING THE CAKE* by John Campbell. Campbell was ambassador to Nigeria between 2004 and 2007 and is now with the Council on Foreign Relations.

Jeff Schlapinski of the Emerging Markets Private Equity Association, an industry group for private capital in emerging markets, ticks off some of the changes that would make Nigeria attractive. "Corruption is a nonstarter for Western investors. And they don't like uncertainty."

It's worth noting that, according to the Corruption Perceptions Index, Nigeria's corruption problem is no worse than that of fellow oil state Russia and only slightly worse than China's. The current president, Muhammadu Buhari, was elected on an anti-corruption campaign. Schlapinski says ending the policy of propping up the currency would be a good start.

Ready? Or Not?

THE PATH TO SUPERPOWERDOM IS NOT EASY. THE economy can be the catalyst, but it will take more than economic reform to create the Nigeria that Nigerians want. Sanusi believes it will require a change in society. Asked why he accepted the role of emir rather than going into politics, he says, "I didn't accept it. I sought it out. I'm trying to change the entire worldview of a society. I can only do it from this role."

There are also political issues. The country will need to navigate the same gauntlet and deal with the same maturity challenges as China, India and even the U.S. For example, keeping the country together. The U.S. faced 11 rebellions in its first 100 years. China has had rebellions in Tibet, Xinjiang and now Hong Kong. Experts have long predicted that Nigeria could break into pieces. As former U.S. Ambassador John Campbell explains, "The [Christian] South is exasperated with what they see as the North's stubborn refusal to leave the Middle Ages and join the modern world." But Nigerians scoff at the idea of breakup. Nigerian lawyer Sam Kargbo says, "Oil holds this country together. As long as there's oil, no one's going anywhere." But there are too many geographic, ethnic and religious divisions to rule it out.

Politicians often exploit religion, both to stir up support for themselves and to distract voters from issues like the economy. Nigeria prides itself on being the most religious nation on earth. In 2014, a man was sent to a mental institution for admitting to being an atheist. Nigeria has a raft of traditional religions, like Islam, Protestant Christianity and Catholicism. It also has a booming "prosperity gospel" sector complete with rock star pastors who provide salvation-tainment. Just a few miles from the national mosque in



LUIS TATO/AFP/GETTY



SECRET WEAPON
Voting day in Jimeta in 2019. Since the end of military rule in 1999, Nigeria has had five elections of increasing validity.

ONE OF NIGERIA'S GREAT EXPORTS IS its artists. Biyi Bandele is an award-winning Nigerian writer and filmmaker. Among his works are the novel *The King's Rifle* and the films *Half of a Yellow Sun* and *Fifty*. He is currently working on a feature documentary film on Fela Kuti for the BBC and is a Fulbright Visiting Scholar at Tisch School of the Arts at New York University. *Newsweek's* Sam Hill talked with Bandele from his home in New York City about being a part of the nation's artistic diaspora and his country's future. Edited excerpts:

Q _ Why does Nigeria have what seems like an inexhaustible supply of great writers and artists?

A _ Because over the last forty years to survive we've had to rely on ourselves. Nollywood came into being because in the late 1980's, state TV simply stopped. Our creativity comes from necessity. We have a healthy skepticism of depending on anyone but ourselves. The result is an artist community that is incredibly resilient and inventive. Nigerians take international influences like reggae and hip-hop and combine it with homegrown musical styles and create something new and great like Afro-beats.

Q _ Some critics have said that what the west knows as "Nigerian" literature is really literature written by Nigerians for non-Nigerian audiences. Writer Helon Habila famously called it "poverty porn."

A _ Helon's right. To a point. There's a bit of give-the-editors-what-they-want and it's true that literary prizes in the West favor victimhood. Several years ago I judged a literary competition. We got a short story by a then unknown writer, a young woman named Chimamanda Ngozi Adichie. Well, I tried to get the story onto the shortlist and I failed. I couldn't convince my fellow judges. Some felt it wasn't African enough, presumably because it didn't deal with HIV or prostitution. (Laugh) Of course, by the time the awards were announced, Chimamanda was a mega-star.

Q _ I can't help noticing that many of the greatest Nigerian artists live outside Nigeria. Do you see a day when that will change?

A _ Nigeria is very important to all of us in the diaspora. We all have dreams of contributing from within and we'd love to go home. But Nigeria is a very, very tricky place. It's dog-eat-dog. Some returnees have thrived, some haven't stayed. I try to contribute by taking back film projects, like *Half of a Yellow Sun*.

Q _ Is it hard to make a film in Nigeria?

A _ The hardest part is trying to get the insurance bonds and all that stuff in place. We shot *Yellow Sun* in the delta. Well, the delta's a big place and the part we shot in was perfectly safe. In six months we had not a single security incident. But everyone's seen the photos and heard the stories, so people are afraid to invest.

Q _ What do you see in the future for Nigeria?

A _ Nigeria is a miracle. Nigeria was cobbled together in 1914 by the British. It shouldn't exist, but it does and it's thriving. As long as we have democracy, no matter how flawed, we will continue to thrive. The beauty of democracy is that it always reinvents itself. OK, maybe it's two steps forward and one step back, but it's progress. **N**

**"AS LONG
AS WE HAVE
DEMOCRACY
... WE WILL
CONTINUE TO
THRIVE"**



the capital is the Dunamis Glory Dome, which has the world's largest auditorium, capable of seating 100,000. At least it's the largest until this year, when the Hand of God Cathedral in the Rivers state is finished.

Nigeria will also be forced to deal with thorny social issues like pollution, climate change and inclusivity. Many prominent Nigerian women are in business and government, but women overall do not have the same rights and opportunities as men. In rural areas, they are often the target of violence. In Borno state last year, herdsmen gang-raped five girls. Police dropped the case, and many believe they were paid off, according to Rebecca Dali, who in 2017 won a U.N. Sergio Vieira de Mello Award for her humanitarian work. CESDI's Yashe, who lives in Borno, says Nigeria is three to five generations behind the U.S. in terms of women's rights. She's talking about Lagos. It will take longer in the North, she notes.

But Sanusi says things are already starting to change. "A generation ago, the emir would have told his daughter who to marry. But my daughter has been to school. For her, things are different." Still, he says, Africa isn't "ready" to take on LGBT rights.

Nigeria could take off. But will it? And if so, when? It's hard to say, of course. Whether it finally breaks through will come down to leadership. The president, Buhari, is not naturally inclined to make the economic policy changes that would jump-start growth.



► Nigeria's democracy may be imperfect, but it's **DEMOCRACY.**

As Judd Devermont, director of the Africa Program at the Center for Strategic and International Studies, says, "Buhari has a retrograde and unorthodox view of how to run a modern economy. Import substitution. Currency manipulation. Protectionism."

A senior government official has a more positive assessment: "It's a matter of priorities. Buhari's first trying to mend the social fabric of a nation." Either way, Buhari will likely step down in 2023. As one expert says, "It's hard to know what happens next. Nigerian politics are like a snow globe."

Nigeria could become the next China. It may not. It may be something in between. My granddaughter may be writing the same article 50 years from now. Maybe Nigeria will always be the country of tomorrow.

Yes, Nigeria is overpopulated and poor and loud and dirty and unsafe. It's not the Africa of travel magazine spreads, with people in open-topped Land Cruisers snapping pictures of lions as a red sun dips behind an acacia tree. But there's something about Nigeria. An it factor. A throbbing energy that is palpable. An exceptionally high self-regard and belief in its own exceptionalism. In Nigerian-ness. As one of my sources says, "We like to beat our chests."

I would not bet against it. **N**

→ **Sam Hill** is a *NEWSWEEK* contributor, best-selling author and consultant. He wrote about Sierra Leone for *NEWSWEEK* this past October.

STRONGER UNITED

Top: Fulani girls attend the day's lessons in a Wuro Fulbe Nomadic School classroom in the Kacha Grazing Reserve, Kaduna state. Below: Worshippers at Salvation Ministries, a Pentecostal church in Port Harcourt.

AN EASY EXIT?

President Donald Trump leaving the Grand Foyer of the White House on January 8 after stating Iran appeared to be “standing down” after missile strikes on U.S. bases in Iraq.



SAUL LOEB/AFP/GETTY



The Cost *of* What Comes

THE ONGOING **Confrontation**
WITH IRAN COMES WITH SERIOUS
Risks FOR AMERICA'S ECONOMY.
THE INITIAL SHOCKS TO MARKETS
HAVE BEEN SMALL BUT THAT COULD
CHANGE IF THE **Crisis** ESCALATES

Next

by SAM HILL

ROUND 1 OF U.S. VS. IRAN SEEMS to be over, and the effects on the world economy seem negligible. Relieved at what looks like Iran's and President Donald Trump's intentions not to escalate the conflict, world markets rallied. The Dow Jones Industrial Average, which began the day after Iran's missile attacks on U.S. bases at 28,556, crept up to 28,637 just before the president's remarks, then rose to 28,768 after he finished speaking. Both the S&P 500 and Nasdaq closed the day at record highs.

That means markets believe the Iranian situation will not have a major negative effect on the world economy. At least for now. But whether markets stay blasé depends on what happens next. Most experts do not expect a full-on war, but neither do they think this is over. Sina Toossi, of the National

Iranian American Council, says the missile attack "was the overt public retaliation, which was necessary for public consumption at home. But there is likely to be covert retaliation as well in the coming months." Expect traders and investors to keep a close eye on oil prices, the canary in the economic coal mine.

Toossi believes that Iran has no choice, "There's no diplomatic off ramp. Trump and Pompeo haven't said what they want, but Iran has nowhere to go. Nothing left to give. The sanctions imposed as part of the U.S.'s 'maximum pressure' campaign have put the Iranian economy under a great deal of hardship." No one knows what Iran's move or moves will be, or when they will occur. According to Professor Nicholas Bloom of Stanford, who tracks uncertainty for the International Monetary Fund, "It depends on whether the Iranians feel they must retaliate against

GRIEF AND ANGER

Clockwise from right: Iranian leaders pay their respects before the coffins of Major General Qasem Soleimani and others killed in a Jan. 3 U.S. drone strike in Baghdad; American troops at a U.S. base in Iraq in 2016; Large crowds of mourners crowded the streets of Tehran for Soleimani's funeral on Jan. 6.



FROM TOP: IRANIAN LEADER PAYS RESPECTS BEFORE THE COFFINS OF MAJOR GENERAL QASEM SOLEIMANI AND OTHERS KILLED IN A JAN. 3 U.S. DRONE STRIKE IN BAGHDAD; AMERICAN TROOPS AT A U.S. BASE IN IRAQ IN 2016; LARGE CROWDS OF MOURNERS CROWDED THE STREETS OF TEHRAN FOR SOLEIMANI'S FUNERAL ON JAN. 6.



America or against Trump. If it's Trump, then any response may well be timed to affect the 2020 elections."

Peter Singer, of the New America Foundation, predicts an increase in cyber-attacks. "Iran put a lot of resources into building its capabilities. They're nowhere near the U.S. but they're a real threat. So far, they've conducted a series of cyber-attacks that are really more about showing off their capabilities than doing real damage...We'll probably see those resume and go after soft targets, like municipal water systems." Mark Finley, who's a fellow in energy and global oil at Rice University's Baker Institute, says, "Iran's been practicing asymmetric warfare for 40 years. I wouldn't be surprised to see attacks on tankers and processing facilities, and perhaps pipelines." Toossi meanwhile says we may see bombings and assassinations by proxy groups, like Hezbollah.

Any of those could cause disruption in the oil market. Sectors like travel, manufacturing, and agriculture are highly sensitive to oil prices. However, the effect on the global economy will likely not be as great as that caused by oil shocks of the 1970s. Economies are increasingly less sensitive to oil prices.

Thanks to shale oil, the U.S. is almost self-sufficient in petroleum. That doesn't mean the U.S. wouldn't be affected because oil is globally traded and the U.S. is both a significant exporter and importer. It does mean the effects would be uneven and localized. While many regions would suffer, particularly rural and less affluent areas, oil-producing states like Texas and Alaska would actually experience an economic boom.

Any price jump that does occur is unlikely to last for very long. Kevin Book, who leads ClearView Energy Partners, a firm which forecasts oil prices, says, "Geo-political spikes come and go, and they tend not to be that long-lasting. There are a lot of brakes built into the system to handle short-term events. The Saudis can ramp up production or the president can tap strategic reserves. "Book is telling his clients to expect Brent prices to level out



I'M AFRAID THERE ARE
SOME VERY **hard-line** VOICES
IN THE ADMINISTRATION,
WE'LL END UP WITH WAR,
AND IT WILL BE THE
MOST **costly war** FOR
AMERICA SINCE VIETNAM.

around \$60 per barrel. That's roughly where oil prices have been for the last year or so.

A full-on war, however, could result in more prolonged disruptions in supply and \$100/barrel oil, which, according to Singer, would trigger a "global economic slowdown and massive effects which would last for a generation." It could be triggered by further attacks by Iran or Iraq that create a spiral of escalation. Or the U.S. could decide to act preemptively because it believes retaliation is imminent or it senses an opportunity to create additional pressure on Iran. There remain very powerful voices in the administration pushing for nothing less than regime change. Book notes, "It would be a mistake to think of [the killing of Soleimani] as a sudden, un-studied decision by the administration. There are hawks in the administration who've been lobbying for this for a while." Toossi agrees, "I'm afraid there are some very hard-line voices in the administration, we'll end up with war, and it will be the most costly war for America since Vietnam." A physical war could involve air strikes and U.S. ground troops, and could also spill over into other countries in the region.

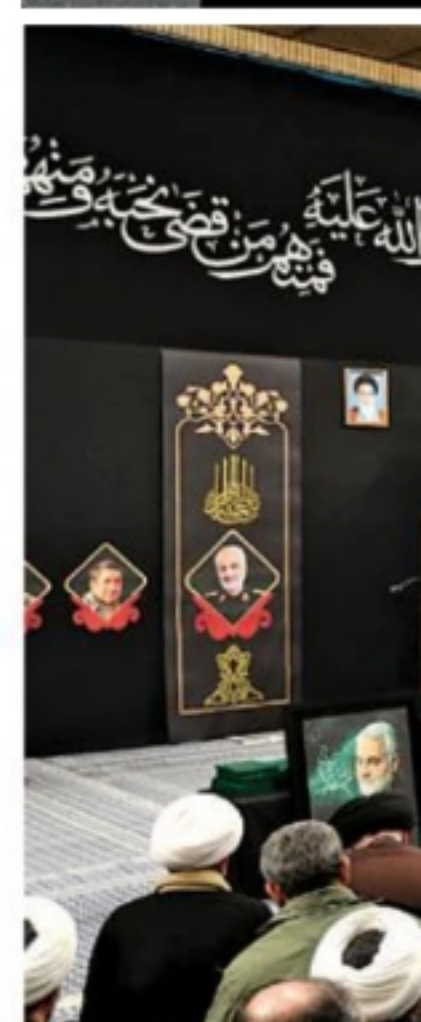
The markets believe that scenario is unlikely. Everyone involved seems to be looking for a way out, despite continuing tough talk by Iran and the U.S. Iran's missile attack appeared to be designed not to inflict casualties. Trump's response to the attack was seen as muted and conciliatory. He described the damage caused as "minimal" and said, "Iran appears to be standing down, which is a good thing for all parties concerned and a very good thing for the world." Israel and Saudi Arabia may also be working behind the scenes to defuse the confrontation. Toossi says, "Israel and Saudi Arabia have been urging the U.S. to bomb Iran for over a decade. But they're only interested in a war where the U.S. bears the costs. Saudi doesn't want to see Iranian missiles raining down on its oil production facilities. Both countries are now trying

I WOULDN'T BE SURPRISED
TO SEE **attacks** ON TANKERS
AND PROCESSING FACILITIES,
AND PERHAPS **pipelines**.



INITIAL RESPONSES

Clockwise from right: Iranian marchers with portraits of Soleimani at an anti-U.S. rally; a memorial ceremony for Soleimani in Tehran; so far the prices of gasoline as well as of stocks and commodities have had little reaction to the increased tension between the U.S. and Iran.





CLOCKWISE FROM TOP: HAMID VAKILI/NURPHOTO/GETTY; IRANIAN SUPREME LEADER PRESS OFFICE/ANADOLU AGENCY/GETTY; LUKE SHARRETT/BLOOMBERG/GETTY; SPENCER PLATT/GETTY

Canaries *in the* Coalmine

by SAM HILL

IF THERE IS SIGNIFICANT ECONOMIC FALLOUT from the conflict between the U.S. and Iran, where will it show up first? There are literally dozens of metrics to predict economic trends—each with its own strengths and weaknesses.

Dr. Ataman Ozyildirim, senior director, economics and global research chair at The Conference Board, says some indicators are very noisy, with so much movement it can be hard to distinguish a trend from a blip. Others can be affected by isolated events and can jump because of short-term supply disruptions. None are foolproof. Ozyildirim recommends using a dashboard of several metrics and tailoring that dashboard for the needs of the user and the specific situation. For example, for the Iranian situation, it makes sense to look at oil prices. And if you're an investor, it makes sense to follow the markets. He also recommends looking at measures that cover different time frames. Here are five he'd be watching as the Iranian situation unfolds.



Consumer Confidence

Based on surveys that ask consumers how optimistic they are about the outlook going forward, both for the overall economy and themselves. One of the oldest is the CCI, or Consumer Confidence Index, produced monthly by non-profit The Conference Board. UP means consumers are feeling good, DOWN means they aren't.



Leading Economic Index

A composite of ten indicators produced by The Conference Board. Ozyildirim says, "I'm biased of course, but this one's been going since the 1930s and it's empirically proven. It's simple and transparent—there's not a lot of assumptions or calculations in it." UP means it looks like the economy is growing; DOWN means a contraction.



Brent Crude

A composite price based on oil produced in the North Sea. It's used in 2/3 of all international oil trading. In general, UP is bad for the global economy and DOWN is good.



S&P 500

The expectations of traders and investors about the future are 'priced into' the prices of large stocks. While many people are more familiar with the Dow Jones Industrial Average, most pros use the S&P. In general, UP is regarded as good, DOWN as bad.



Interest Rates

Although a bit tarnished due to a recent scandal around manipulation by British banks, LIBOR (the London Inter-bank Offered Rate) remains the standard and most commonly followed measure of interest rates. UP means banks think financial risk is rising; DOWN means they think it's decreasing. **N**

to talk the U.S. down and de-escalate the situation."

But even under a limited war scenario, increased uncertainty could trigger a recession in a global economy that is beginning to show cracks. Finley says, "If consumer confidence drops, then people get worried and stop spending, and that could affect the economy. The president is very sensitive to prices at the pump." However, Lynn Franco, senior director of economic indicators at the Conference Board says, "We track consumer confidence and if we look back historically at 'shock events,' they tend to only have a temporary effect. They only last if it translates into job losses."

But she says, "It's very early in the game. We don't know how it will unfold." Professor Bloom says, "Trump is an unpredictable actor. Iran is an unpredictable actor. The Iraqi government is as well. It's a toxic mix." **N**

BY THE NUMBERS

Sustainable Investing

With issues like climate change, gun control and corporate diversity taking on greater urgency in the U.S. and abroad, interest in investing for the greater good has grown exponentially. As a result, the sustainable investing movement—often called ESG investing, after the environmental, social and governance criteria on which decisions are based—is going mainstream. Here's a look at recent developments. —Noah Miller

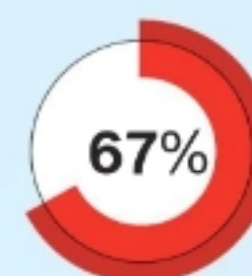


80%

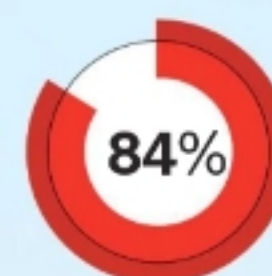
The percentage of 200+ studies on sustainability practices that suggest this approach has a positive effect on investment performance

A Gender Divide

Percent of individuals who are interested in sustainable investing



MEN



WOMEN

\$30,683,000,000,000

The amount of money in sustainable investments worldwide, at the start of 2018—a 34 percent increase in just two years

\$17.76 billion → The record amount that U.S. investors poured into ESG funds in the first 11 months of 2019—more than triple the previous peak of \$5.5 billion set in 2018



SOURCES: GLOBAL SUSTAINABLE INVESTMENT ALLIANCE, MORNINGSTAR, OXFORD UNIVERSITY, MORGAN STANLEY, UNITED NATIONS GLOBAL COMPACT

288

The number of mutual and exchange-traded funds in the U.S. that focus on sustainable investing, an increase of nearly 50 percent since 2018



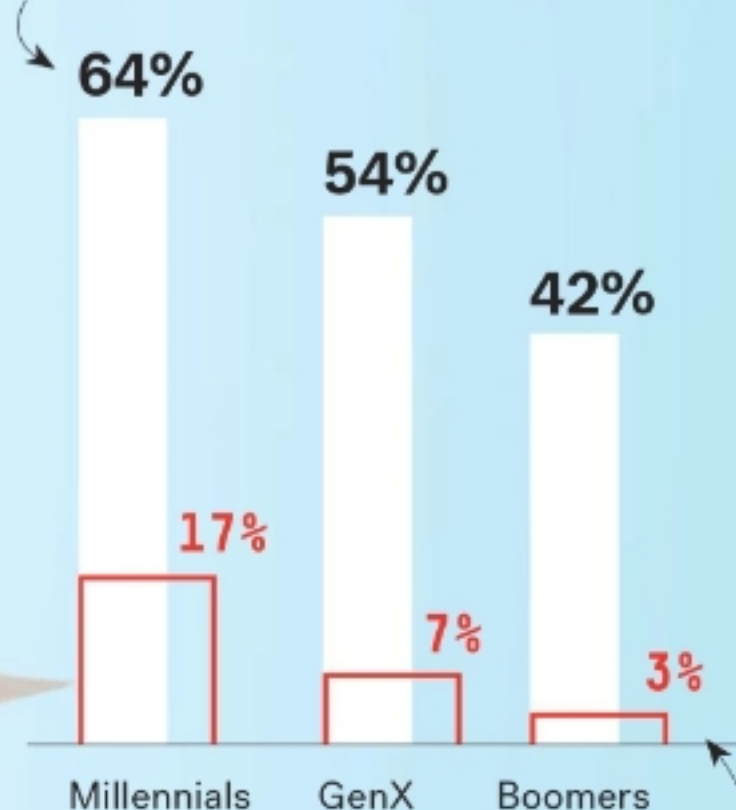
2,250

The number of money managers worldwide overseeing more than \$80 trillion in assets, who have signed on to the United Nations-backed Principles for Responsible Investment

63% → The percentage of sustainable funds with better-than-average gains compared to other funds in their investment category

Sustainable Investing, By Age

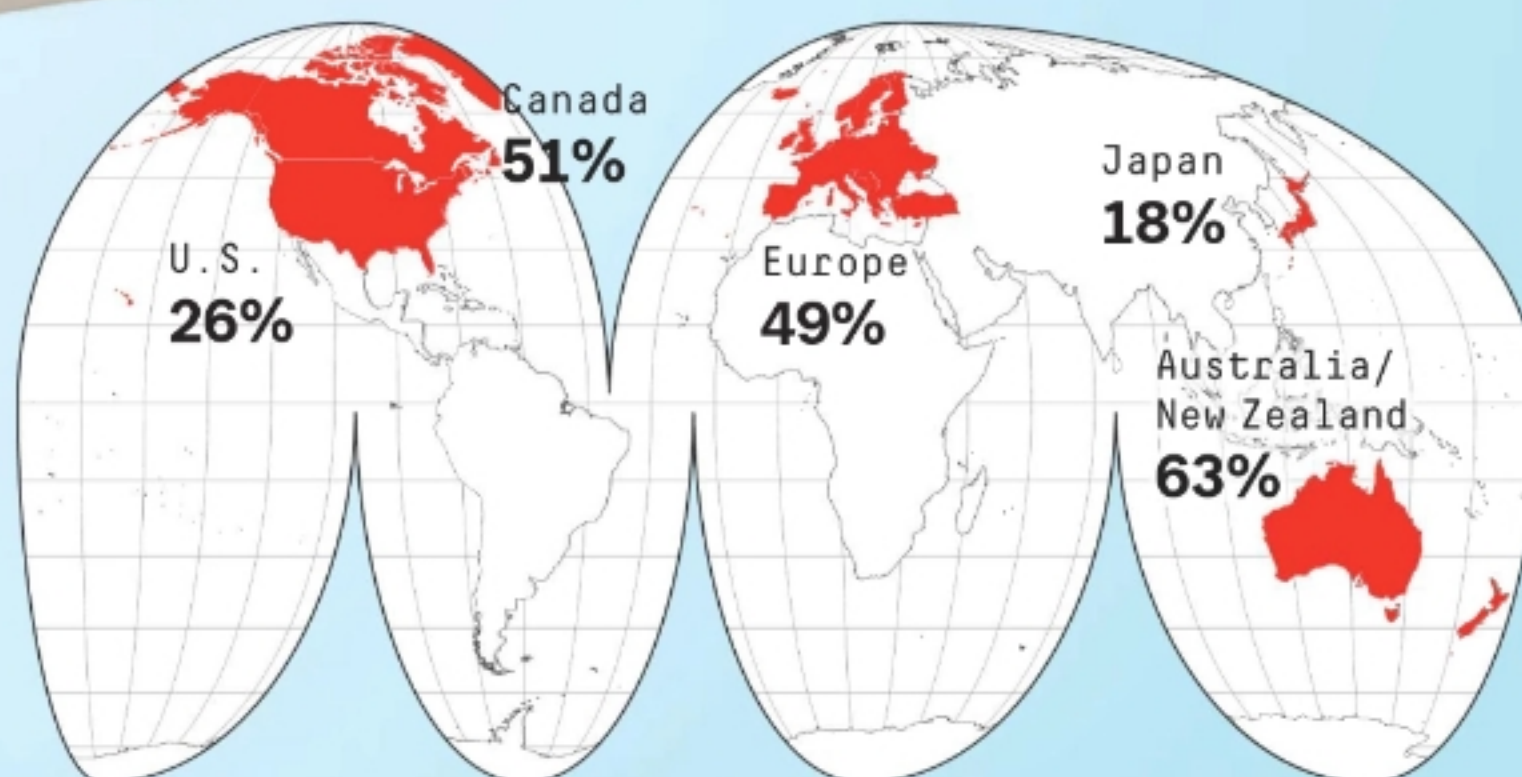
Percentage who say ESG issues are important in their investing decisions



Percentage who actually have money in ESG investments

Commitment to Sustainable Investing, By Region

Percentage of professionally managed money invested according to ESG criteria



ELEGANCE PERSONIFIED

Coco Chanel launched the fashion of wearing long strings of fake or real pearls, set off against the minimalist simplicity of her clothes.



FASHION

Chanel and Schiaparelli: Rivalry on the Riviera

The competition that spurred Coco Chanel's creativity and influenced her business decisions, while war threatened Europe

 **THE FASHION ICON AND BUSINESSWOMAN COCO Chanel** is known for her perfume, the little black dress, her quilted handbags. She was also a fixture of the social scene on the French Riviera in the '30s on the brink of war, and one side of an intense rivalry with Elsa Schiaparelli, another up-and-coming designer who operated in similar circles. In this excerpt from her upcoming book *Chanel's Riviera: Glamour, Decadence and Survival in Peace and War*, social historian Anne de Courcy shares the rise of Chanel's fortunes and rivalries juxtaposed against the darkness of a war-threatened Europe.

In 1932, no one was better known than Gabrielle Bonheur, or "Coco," Chanel. It would be some years before a serious rival showed up to challenge her supremacy, a woman whose ethos was completely opposed to her own but whose originality and alliance with the avant-garde in art made her a force to be reckoned with. This was Elsa Schiaparelli, and their opposing viewpoints encouraged each to play to her strengths. Chanel believed that the woman should wear the clothes, not the reverse; Schiaparelli, in contrast, would

create the flamboyant "Lobster Dress" which her friend Salvador Dali wanted to accessorize with real mayonnaise.

She had alluring looks—sensual, androgynous and chic—short hair and a slender figure that showed off the pared-down elegance of her clothes to their best advantage. Add in her high-profile lovers, who everyone gossiped about. Altogether they created a powerful public image. Well aware of this, Chanel never shirked the limelight or turned away from a photographer; on the Riviera, she was seen at all the smartest evenings. She and her pared-down style had, in fact, become a brand, of which she was the living expression: "To my mind, simplicity is the keynote of all true elegance," she said.

Already, she had invented what perhaps is still her most famous creation: the little black dress. "That won't last," she had said one evening at the theater, looking at all the women in their over-elaborate clothes. "I'm going to dress them all simply, and in black."

Hitherto, black had been worn solely, and strictly, for mourning, so she was inaugurating not only a new

BY

ANNE DE COURCY

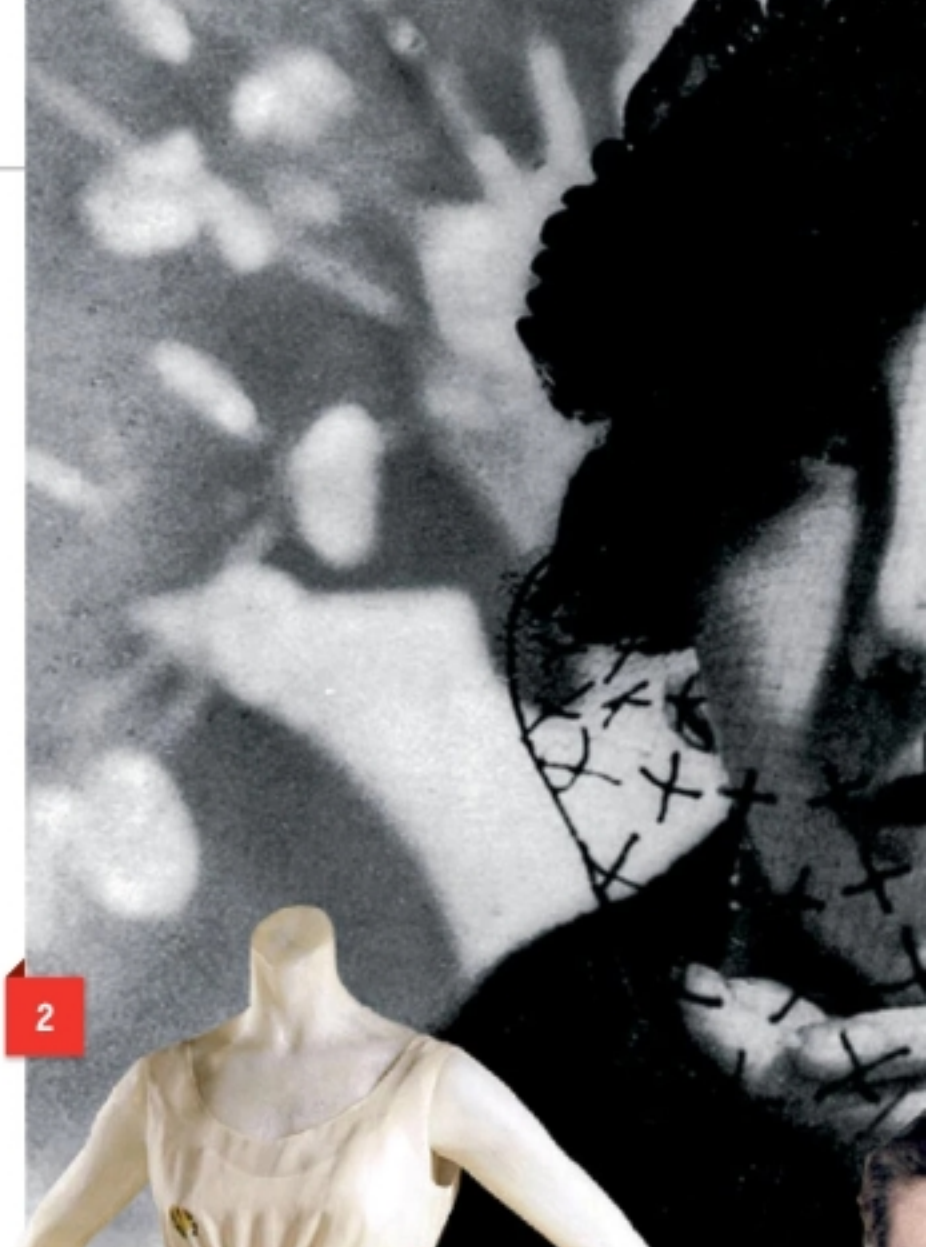
Culture

idea, but breaking a social taboo. In 1926, *Vogue* published a photograph of a Chanel black dress, calling it Chanel's Ford (Henry Ford's Model T, affordable for everyone, came only in black). She also brought in tweed jackets for women, costume jewelry piled on simple sweaters, striped Breton tops and—what had made her a millionairess—the best-known scent in the world, Chanel No. 5, which she launched in 1921.

Just about this time, Chanel's only serious rival—Elsa Schiaparelli—was emerging. Schiap—as her friends called her—could hardly have been more different. She was a Neapolitan aristocrat, her father an accomplished scholar, and she had been born in an Italian palazzo. She could not sew and regarded herself as an artist rather than a dressmaker. Her first, and instantly successful, design had been a sweater with a *trompe l'oeil* design of a bow at the neck with sleeves ending seemingly in cuffs.

By the early '30s, Schiap was employing a workforce of 2,000, and the 70 new pieces she showed twice a year were simple and wearable—wrap dresses, black suits—that fitted the lives of wealthy, conservative clients. Already, though, she was showing the originality for which she became famous, from zips that were visible rather than concealed to evening dresses with jackets (these had never yet been seen). Soon, her hallmark flamboyance would contrast vividly with Chanel's discreet elegance.

Chanel, by contrast, had climbed, step by step and man by man, from a poverty-stricken girlhood to the pinnacle of success on which she now stood. She had surmounted her past as a kept woman—something that usually remained a lifelong social barrier—and many of her wealthy clients were now her friends. She also





EPITOME OF MODERNITY

1. Three Elsa Schiaparelli designs for the modern woman. 2. Schiaparelli in 1935. 3. The little black dress, known as "Chanel's Ford, Model 817," as it appeared in the October 1926 *Vogue*. 4. Schiaparelli's famous "Lobster Dress," which was modeled by Wallis Simpson in *Vogue* in 1937. 5. Staff in the Paris Chanel workshop prepare for the 1933 collection. 6. A Schiaparelli gown from 1951, just a few years before she closed her couture shop.

6

had overcome what would have felled a lesser personality, the death of her mother when she was 11, followed by the immediate disappearance of her father, and her six-year incarceration in the convent orphanage of Aubazine in a French village of the same name.

Here Chanel learned to sew, and rather than be beaten down by her adolescence, she was saved by her unbounded energy, determination to survive and an originality unbowed by external pressures and constraints.

Just as Chanel's rise seemed unstoppable, she suffered a bitter personal blow. Her lover Paul Iribe—the brilliant illustrator and designer with whom she had worked closely and whom many thought she might marry—collapsed as they spoke over the net during a game of tennis and died without ever regaining consciousness.

It was a body blow. And when Chanel returned to Paris from the Riviera in the autumn of 1935, she found that Elsa Schiaparelli had become more than just a threat; she was now someone who might overtake her. At the root of the problem was that although both designers had utterly different tastes, they both appealed to the same type of woman—one who wanted a crisp-edged, modern, stylish look.

Then, too, fashion itself had changed. The androgynous flapper with her cropped hair, boyish figure and short skirts, for whom Chanel's pared-down elegance might have

been created, had disappeared. Women's figures and curves had reappeared, emphasized and enhanced by the gleam of bias-cut satin; skirts were longer and a newly adventurous note had appeared—and no one was more adventurous than Schiaparelli.

It was Schiap who invented the color Shocking Pink and designed clothes that echoed the ideas of the surrealists—in particular those of Dali, offering black gloves with red "fingernails," an evening dress with *trompe l'oeil* rips and a black gown decorated with a full "skeleton." Her talent was such that many of Chanel's long-time clients turned to her—though most, like Daisy Fellowes, heiress to the Singer sewing machine fortune and Paris editor of *Harper's Bazaar*—bought from both couturières.

The immensely rich Daisy was a catch worth having. Despite the long shadow of Nazi Germany menacing nearby, the smart set on the Riviera behaved as if the life of privilege, glamour and untrammelled hedonism would go on forever, and Daisy played her role as social icon and fashion leader to the hilt. If one of the 100-odd guests she would invite to her 30-room villa, Les Zoraidés, appeared in a dress at all similar to hers, she would change at once; one night she appeared in five different outfits.

Schiaparelli's appeal to Daisy, for whom the outrageous was a way of life, is not hard to understand with her huge pink palace perched on a cliff above the sea. It was Daisy who wore the eye-catching Shoe Hat, created the previous year by Dali, with the nonchalance of complete self-confidence. It was Daisy for whom diners at the Ritz climbed on chairs to get a sight of her Schiaparelli monkey fur coat embroidered in gold.

Chanel fought back by acknowledging this new more feminine look in

"Although both designers had utterly different tastes, they both appealed to the same type of woman—one who wanted a crisp-edged, modern, stylish look."

her own way. She introduced shoulder pads to emphasize the smallness of the waist, creamy or peachy satins for evening and elegant, gently fitting tweed suits, while her underlying theme remained black and white, echoing the black skirts and white blouses she had worn at Aubazine. At the Monte Carlo Casino, she herself was always seen in a cream or white satin dress, usually worn with her famous pearls.

One of those most faithful to Chanel was Diana Vreeland, socialite and columnist for *Harper's Bazaar*, who lived for fashion. "You gotta have style," Diana would say. "It helps you get down the stairs. It helps you get up in the morning. It's a way of life." She would go for the endless fittings necessary for a Chanel garment—even a nightgown needed three—to Chanel's private atelier, six floors up in Coco's house at 31 rue Cambon, which she purchased in 1918 and housed a shop, apartments and couture studio.

Diana viewed Chanel as unique. She was "mesmerizing, strange, alarming, witty," said Diana. "You can't compare anyone with Chanel. They haven't got the *chien*. Or the chic. She was the most interesting person I've ever met."

Yet by 1937, Chanel found herself temporarily eclipsed by Schiaparelli, who was now dressing many of Chanel's most faithful clients. With change in the air, Schiap was regarded as the epitome of modernity, her designs influenced by surrealist artists like Man Ray, best known for his photography, and the cubist Marcel Duchamps. Many of Chanel's inner circle had now become part of Schiap's also, from artist Jean Cocteau to Chanel's ex-lover Dali. Then too, 1937

was the year of Schiaparelli's "Lobster Dress;" the gown of white organza, scarlet sash and Dali-designed lobster was made famous when Wallis Simpson modeled it in *Vogue*. Although in public both damned each other with faint praise, in private Chanel referred to Schiaparelli disparagingly as "that Italian artist who makes clothes."

Chanel would not have been Chanel had she not fought back. In the spring of 1939, with Europe on the brink of war, on the heels of Kristallnacht the previous November, the spring couture collections were shown as usual in the Riviera, where Chanel was ensconced. Stepping out of her usual idiom of clean uncluttered lines in a palette based on black, white, beige and navy blue, she answered the more eye-catching clothes of Schiaparelli with a range of "Gypsy" dresses with lace ruffles on the bodice and as flounces on skirts. On them, here and there, were the colors of the

**"Work has always been
a kind of *drug* for me."**



CLASSIC CHANEL

Left to right: On choosing the name for her signature perfume, Coco Chanel said "I'm presenting my dress collection on the 5th of May, fifth month of the year; let's leave the name No. 5."; an iconic Chanel tweed suit, worn by Princess Diana; and Chanel at work.

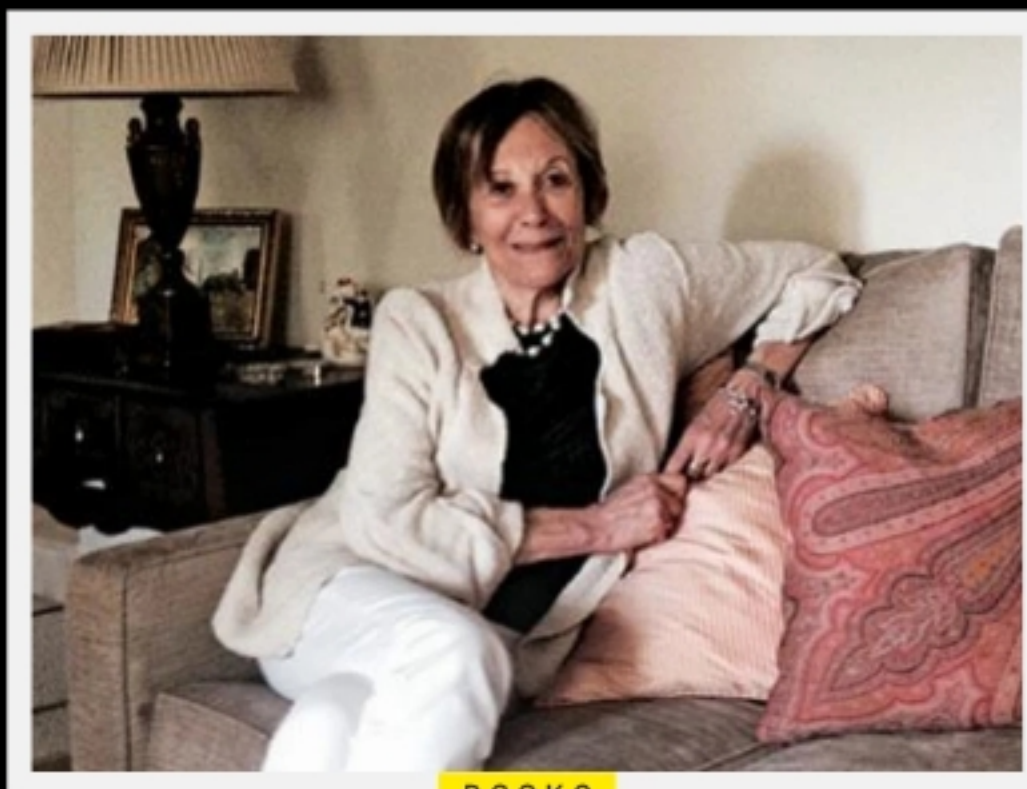
French national flag, the Tricolour—red, white and blue.

That last peacetime summer brought a final burst of the gaiety for which the Riviera was known, with fireworks, balls, open-air concerts, theaters and almost constant parties, with one of the most eagerly expected events, the first-ever Cannes Film Festival, due to open on September 1. Everyone who was anyone seemed to be there. Joseph Kennedy had leased the Domaine de Ranguin, Marlene Dietrich had arrived with her husband, daughter and lover; the Duke and Duchess of Windsor, Somerset Maugham and Maxine Elliott were all entertaining guests, Winston Churchill was gambling at the Monte Carlo Casino. Chanel, the spring collection over, was at her villa La Pausa.

On September 3, World War II broke out. While Schiaparelli, like most other French designers, kept her couture house open, Chanel closed hers, saying simply: "I had the feeling that we had reached the end of an era. And that no one would ever make dresses again."

It was not until 1953, at the age of almost 70, that Chanel reopened her couture salon, with a first collection in 1954. Ironically, it was that same year that her great rival Schiaparelli closed down her own—heavily indebted—house, while Chanel went on from strength to strength, introducing her iconic quilted handbag in 1955 and the famous little tweed suit a year later. When asked by Marlene Dietrich why she was relaunching her brand, she replied: "Because I was dying of boredom." As she once said: "Work has always been a kind of drug for me." ■

→ Excerpt adapted from *CHANEL'S RIVIERA* by **Anne de Courcy**, published by St. Martin's Press.



BOOKS

Q&A: Anne de Courcy

BY MEREDITH WOLF SCHIZER

Why this book?

I have always been fascinated both by the Riviera and Chanel, but had never really connected them. When I discovered that Chanel had spent every summer there between 1930 to 1944 in the villa she had built, I had my theme—and my time frame.

Chanel was a successful businesswoman when that wasn't so common. Is she a role model for young women today?

Many young women lack not only self-confidence but self-esteem. Gaining financial independence through your own efforts, as Chanel did, helps achieve both—and this in turn helps one in life itself. Chanel could serve as a role model in this way.

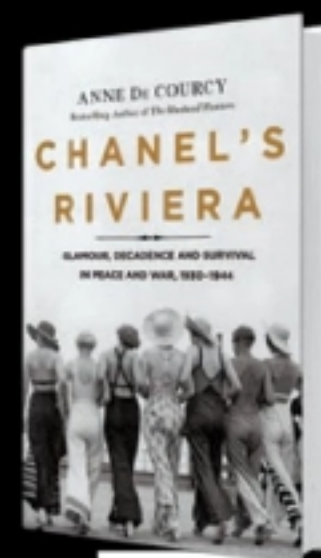
What do you think made Chanel uniquely successful?

She was a true originator, with the ability to spot a trend before it had risen

above the horizon—in her case the need for clothes far simpler and less cluttered than before. She also had the drive, energy and determination to carry her ideas through.

Chanel was branded a collaborator and an anti-Semite.

Are these accurate characterizations? Certainly she was anti-Semitic, as indeed was most of France then.



CHANEL'S RIVIERA (St. Martin's, February) tells the story of the years Chanel spent her summers there during what was the Riviera's heyday.

As to collaboration, Chanel was what was called a "collaborateur horizontale"—that is, she had a German lover. Deplorable, I know—but here it is worth remembering that so did masses of other Frenchwomen, as up to 100,000 Franco-German babies were born in WWII.

Is it a designer's place to get political?

No more than the rest of us.

Who is your favorite? Chanel or Schiaparelli?

Chanel, by a country mile. I much prefer simplicity and elegance to the outré.

Where is your favorite spot to write?

My study, where I have everything to hand, from reference books to family photographs, my diary, notebooks and countless Post-its around to remind me of things I have to do. ■



01 Equality in Sports

— Texas (1973)

Regarded as one of the greatest women's tennis players of all time, **Billie Jean King** earned a six-time world No. 1 ranking and 39 Grand Slam titles. Her crusade for pay equality gained the largest-ever worldwide audience for a tennis match—over 90 million—when she defeated “self-proclaimed chauvinist” Bobby Riggs in the “Battle of the Sexes” at the Houston Astrodome.

02 Mother of Civil Rights

— Alabama (1955)

Rosa Parks' refusal to give up her seat and go to the back of a segregated bus in Montgomery, Alabama, ignited one of the largest social resistance movements in history. The Montgomery Bus Boycott was the igniting event that set off the U.S. civil rights movement.



03 Women's March

— Washington, D.C. (2017)

The **Women's March** held on January 21, 2017, broke records and ignited a modern-day protest movement. Advocating for legislation and policies to protect women's rights, around half a million protesters marched in Washington, D.C., and it spread to more than 500 other marches around the U.S. and 81 more countries.



04 Aviation Pioneer

— Newfoundland, Canada to Northern Ireland (1932)

Amelia Earhart was the first woman to fly nonstop and solo across the Atlantic. Several years later in 1937, she disappeared over the central Pacific Ocean while attempting to circumnavigate the globe; theories about her mysterious disappearance still endure.

UNCHARTED

Female Changemakers of the Last Century

In honor of the 100th anniversary of the passing of the 19th Amendment, which guaranteed women's right to vote in the U.S., *Newsweek* is looking at other impressive female advancements around the world over the last century. From the first woman to rocket into space to the activists who gathered for a record-breaking Women's March, solo or in groups, women have set records and forged paths forward against all odds. —*Kathleen Rellihan*



05 Head of State — Iceland (1980)

Icelandic politician **Vigdís Finnbogadóttir** was the first woman to be directly elected president. Her 16-year presidency was also the longest of any elected female head of state.



08 Woman in Space — Russia (1963)

Soviet cosmonaut **Valentina Tereshkova** was the first woman to travel into space, orbiting Earth 48 times in almost 3 days. Though she logged only a single trip, Tereshkova still holds the claim to being the only woman to fly to space solo, and the youngest—at 26 years old.

09 Summitting Peaks — Nepal (1975)

Junko Tabei was the first woman to summit Mount Everest, the world's highest peak. The Japanese climber went on to reach peaks in 76 different countries and also became the first woman to conquer the "Seven Summits," the highest mountain on each continent.



07 Freedom to Drive — Saudia Arabia (2017)

After years of campaigning by women's rights activists and fighting hard against opposition, **women regained the freedom to legally drive** in Saudia Arabia—the only country in the world banning female drivers. Activists are hopeful this change paves the path for additional progress in women's rights in the kingdom.



06 Nobel Peace Prize — Kenya (2004)

Wangari Maathai, a Kenyan environmental activist, was the first African woman to win a Nobel Peace Prize. The pioneering ecologist founded a grassroots movement aimed at empowering rural women's groups toward conservation and improving their quality of life, resulting in the largest tree-planting campaigns in Africa.



10 Climate Change Pioneers — Antarctica (2016)

The largest ever all-female expedition to Antarctica sought to raise awareness and increase female representation in top science jobs. **The Homeward Bound mission** sent 76 women scientists to observe the effect of climate change on the southernmost continent firsthand.



PARTING SHOT

Aaron Taylor-Johnson

➤ HOW DO YOU ADAPT A BOOK STEEPED IN CONTROVERSY AND TURN IT INTO A movie? You focus on your artistic voice, says Aaron Taylor-Johnson. He stars in and co-wrote the film adaptation of James Frey's *A Million Little Pieces*, alongside his wife, Sam Taylor-Johnson, who also directed the film, recently released in theaters. "He put it best himself," Aaron says, speaking of Frey. "He kind of handed us the keys and said, 'I wrote this in the spirit of art, go make art.'" The bestselling book, an Oprah's Book Club selection in 2005, caused considerable controversy after it was revealed that Frey had fictionalized part of what was originally billed as a memoir. Now as a film, the narrative follows Frey on his journey to sobriety and the people he came across during his stint in rehab: "He was very approachable. I spent a lot of time with him, on-and-off texting and went on a road trip to get to know one another. We went back to the treatment center." Even though Aaron says he naively thought visiting the treatment center would be beneficial for his own performance, he didn't realize how much it would impact Frey.

What was it like visiting the rehab from the book with James Frey?

It was really overwhelming for him to step through those doors again. He said he hadn't been back in over 20 years. He was an addict, and today he's 26 years sober. I didn't realize how overwhelming and emotional it would be for him to relive those steps.

Did your background in gymnastics help with the physicality in the movie?

Sam and I have sort of collaborated on things which have a lot of body movement and contemporary dance, and it was a decision early on that I wanted to portray James in a sort of more physical way. Obviously, when you spend time with James, he doesn't dance or move in that way. It was definitely an interpretation and it allowed us to play to our strengths, at times.

When you're not collaborating, you and Sam alternate working on projects, right? Do you have plans to work together again?

We'd love to. That's the idea, to continue to collaborate. But for the last eight, nine years we've done one-on, one-off, so that we've been available for our kids and to support one another in our work.

Do you find the time off is helpful to your process as an actor?

I like to dive into a character and then I need that time to shed a character and then be present at home. That time off is actually kind of a good process for me as an actor. — H. Alan Scott

"I like to dive into a character and then I need that time to shed a character and then be present at home."



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